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# ***Daily Report***

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## **China**

FBIS-CHI-92-139  
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# Daily Report

## China

FBIS-CHI-92-139

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20 July 1992

**NOTICE TO READERS:** An \* indicates material not previously disseminated in electronic form.

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## General

### Indonesia, Malaysia Favor Informal Spratly Talks

HK2007100292 Hong Kong AFP in English  
0950 GMT 20 July 92

[Text] Manila, July 20 (AFP)—Indonesia and Malaysia came out in favour Monday of continuing informal talks among claimants to the Spratly Islands, saying it was too early to opt for a Philippine-proposed U.N. conference to resolve ownership of the disputed archipelago.

"What we do at the U.N. we can (also) do informally," Indonesian Foreign Minister Ali Alatas said on his arrival here to attend the annual Association of South-east Asian Nations (ASEAN) foreign ministers meeting.

Alatas said formal talks on resolving the dispute ran the risk of descending into a forum "for us to accuse each other."

The secretary-general of the Malaysian Ministry of Foreign Affairs, Ahmad Kamil Jaafar, said a formal U.N. conference "might open a Pandora's box of problems."

He said Malaysia wanted to study the implications of a U.N. conference first before committing itself to such talks.

Alatas and Kamil were referring to a proposal by Philippine President Fidel Ramos last week for a U.N.-sponsored international conference to resolve ownership of the Spratlys, a line Manila is expected to push at the ASEAN talks here.

The Spratlys, a chain of 90 islets and shoals that are believed to sit atop huge resources of oil and gas, is claimed in whole or part by China, Taiwan, Vietnam, the Philippines, Malaysia and Brunei.

The Philippines, Malaysia and Brunei are also members of the 25-year-old ASEAN along with Indonesia, Singapore and Thailand.

Indonesia, which has no claim to the sprawling island chain in the South China Sea, has organised informal workshops for the claimants to look into ways of resolving the dispute peacefully.

Philippine Foreign Secretary Raul Manglapus said after talks with visiting Chinese Foreign Minister Qian Qichen here Monday that Beijing was willing to consider joint exploitation of the resources of the Spratly Islands with other claimants.

"They (China) categorically state that they are in favour of exploring ways of joint exploitation of the resources there, postponing the issue of sovereignty and jurisdiction till we are able to find a way of resolving that," Manglapus said.

Asked what kind of arrangement they were proposing, Manglapus said that Qian, who will attend the ASEAN

talks opening Tuesday, "did not go into detail. The position is to shelve the matter until we can find a way of resolving it."

Tensions in the Spratlys increased recently when China signed a contract with the U.S. firm Crestone to explore for oil in parts of the island chain, triggering fears that the area could become Southeast Asia's next flashpoint.

Alatas said Indonesia, with no stake in the Spratlys, was well placed to provide a forum for discussion "to find ways to turn a situation of potential conflict into potential for cooperative venture."

"Let us not immediately tackle the question of sovereignty or overlapping claims and look instead for avenues for cooperation," he said.

Alatas said the rival claimants could for example cooperate in fields such as promoting safety of navigation for ships traversing the archipelago, scientific marine research and cooperation against pollution.

Kamil said Malaysia's overriding concern was that the Spratlys issue be resolved peacefully without use of force.

He said that in keeping with this principle, Malaysia and Vietnam had held talks recently, identified an area where their claims overlapped and agreed to jointly explore resources in the zone.

### Editorial on Spratly Situation

HK1807073892 Hong Kong WEN WEI PO  
in Chinese 18 Jul 92 p 2

[Editorial: "Situation in the Spratlys and China's Stand"]

[Text] In some recent world media reports and commentaries on disputes over the Spratly Islands, they have been referred to as a "potential hot spot," and believed to be in a "tense situation." The Chinese Foreign Ministry spokesman stated not long ago that such statements were groundless; he reiterated, China opposes the internationalization of the Spratly issue.

The reason why the Spratly issue should not be internationalized is quite simple and clear: The Spratlys have since ancient time been Chinese territory. This being the case, the possibility of internationalization does not exist.

The Spratly Islands, which are situated in South China Sea, are the southernmost tip of China's territory. The islands, which are of strategic importance and abundant in natural resource, were first discovered, named, exploited by the Chinese, who first exercised sovereignty over them. That is a fact supported by voluminous ancient documents as well as evidenced by lots of historical relics unearthed in the Spratlys in recent years.

In 111 BC, when Emperor Wu Di of the Han Dynasty sent troops to conquer Nanyue [an ancient southern state], Chinese vessels already reached the Spratlys. Since then, fishermen from Guangdong, Hainan, and Fujian regularly made fishing trips to various islands in the South China Sea (including the Spratlys) and dug wells on various islands in the Spratlys, Dongsha and Xisha, while planting coconut trees, building sheds and temples on them, turning the deserted islands into places where people could dwell and engage in production.

Records of the Spratlys had been found in geographic books written through various dynasties since the Han dynasty. During the Southern Sung dynasties, China's navigation to Southeast Asia was rather developed. In his book "Geographical Notes on Southern China" [Ling Wai Dai Da 1545 1120 0108 4594], Zhou Qufei [0719 0637 7236] described the South China Sea as "an ocean that boasts sand beaches and pebble embankment running scores of thousands of li," namely including the Spratlys. Since then, in the territorial maps of the Yuan, Ming, and Qing dynasties, the geographical names of "Ten Thousand Li of Beaches" [Wan Li Chang Sha 8001 6849 7022 3097] and "One Thousand Li of Pebble Embankment" [Qian Li Shi Tong 0578 6849 4258 1048] were put down, including various islands of Dongsha, Xisha and the Spratlys.

During Zheng He's seven expeditions to Southeast Asia and the Indian Ocean, he passed through the South China Sea on every voyage. The "Ten Thousand Li of Pebble Embankment Isles" [Wan Sheng Shi Tang Yu 8001 3932 4258 1048 1546] [Wan Li Shi Tang Yu] [8001 6849 4258 1049 1546] on "Zheng He's Navigation Map" was identical with the Spratly Islands. Records of the Spratlys can also be found in the "History of Guangdong Prefecture," "History of Qiongzhou Prefecture," and "History of Wanzhou" published in the Ming and Qing dynasties. In the "Comprehensive World Map of the Qing Dynasty" printed in 1716 (the 55th year of the reign of Emperor Kang Xi), the Spratlys were explicitly included in China's domain.

Because the Spratlys were isolated in the sea, being far from the mainland, it had always been a target coveted by Western colonialists and Japan, but the attempts of various powers did not come true. In August 1946, the Chinese Government of that time sent its naval fleet to recover Xisha and the Spratlys originally under the jurisdiction of Taiwan Province. The fleet arrived at Taipingdao in the Spratlys and set up a monument there, as a permanent sign of China recovering the Spratlys and exercising its sovereignty.

The Vietnamese Government, who has recently claimed sovereignty over the Spratlys anew, recognized them to be Chinese territory in 1974, approximately 20 years ago. In the world map printed by the Vietnamese Headquarters of the General Staff in 1960, and the "International Atlas" printed by the Premier Office Map Surveying and Mapping Bureau, the Spratly Islands were marked as Chinese territory. This content was also

included in Vietnamese geography textbooks published in 1974. This alone tells that Vietnam's claim of sovereignty over the Spratlys does not hold water.

Today, some other Southeast Asian countries also claim sovereignty over some isles of the the Spratlys, likewise, they have failed to present definite evidence. Nevertheless, while stressing the prerequisite that the sovereignty issue is beyond talks, China advocates shelving the disputes, while exploiting the area in joint efforts. This is a rational attitude. Presently, the Asia-Pacific region is enjoying a sound momentum of economic growth; all countries prize regional stability and prosperity; hence, the non-existence of the so-called "tense situation on the Spratlys." Sovereignty belongs to China, but we can sit down and talk about the issue of exploitation in joint efforts. It was not easy for Vietnam to get away from its involvement in Cambodia; it now calls for a stable international environment to develop its economy in a big way, and has no reasons to provoke some incidents externally.

Chinese troops from Taiwan have been stationed on one of the isles of the Spratlys, and the Taipei authorities have no dispute with Beijing on China's sovereignty over the Spratlys. Taiwan's public opinion calls for cross-strait efforts to defend the Spratlys; actually, the current situation there is not as tense as reported, but such an opinion has embodied the identical understanding of Taiwan compatriots in China's sovereignty. Viewing the situation of cross-strait exchanges at present, it is entirely possible to push and realize cross-strait joint efforts in exploiting the Spratlys, on which Chinese at home and overseas have pinned their hope.

## United States & Canada

### U.S. Import Quota To 'Dent' Trade Relations

HK1807055692 Beijing CHINA DAILY in English  
18 Jul 92 p 1

[By staff reporter Wang Yong: "U.S. Quota Cuts Rapped by China"]

[Text] Chinese trade officials have said the latest U.S. move to cut its import quotas for Chinese textiles and garments will dent bilateral trade relations.

The U.S. Government said in its Federal Register on July 7 that it will revoke tens of millions of U.S. dollars worth of quotas for Chinese goods in 1992.

China exported \$3.2 billion worth of textiles and garments to the U.S. last year, making up a quarter of China's total export volume to that country.

Justifying its decision, the U.S. said illegal textile re-export trade from China was "severe" and "had not been put under effective control."

The two countries held the seventh round of formal talks on the issue in Washington from June 30 to July 1. The first round started in 1990.

He Wei, deputy director general of the Foreign Trade Administration under the Ministry of Foreign Economic Relations and Trade (Mofert), who headed the Chinese delegation, pointed out that China had taken "tough steps" to address the problem.

"But we need co-operation on the U.S. side so that we can tackle the issue in a positive fashion," he said.

Su Jiashou, also a deputy director general of the Foreign Trade Administration under Mofert, said it's "unreasonable" for the U.S. to take "unilateral action" against China which is significantly improving the situation.

"And the U.S. has failed to provide sufficient evidence for many alleged cases," he said.

Moreover, the U.S. action has brought chaos to the management of export quotas in China and hurt the business of legitimate quota holders, he added.

During the Washington talks, Chinese delegates delivered to the U.S. side a draft memorandum of understanding, calling for joint efforts from both sides to curb the illegal practice.

China had set up a high-powered investigation panel to oversee the issue.

#### **Hainan Governor Meets U.S. Relations Group Head**

HK2007023792 Haikou Hainan People's Radio  
Network in Mandarin 2300 GMT 12 Jul 92

[Text] Governor Liu Jianfeng, who was visiting New York, met with (Nanpuwen), chairman of the American-Chinese Relations Commission, at 1200 local time on 10 July. The two sides had a wide-ranging conversation on exchanges and cooperation between economic circles in the United States and Hainan to develop Hainan.

Governor Liu Jianfeng briefed (Nanpuwen) on Hainan's investment environment and [words indistinct].

(Nanpuwen) expressed welcome to the visiting Hainan government delegation headed by Governor Liu Jianfeng. He told Liu Jianfeng he would try his best to improve U.S.-Chinese relations and to encourage his friends in economic circles to invest in Hainan.

During the meeting, personages from the American press had cordial talks with Governor Liu Jianfeng on problems concerning U.S. businessmen engaging in trade, banking, and tourism in Hainan.

Present at the meeting were all members of the Hainan government delegation and (Rosen), former chairman of the American-Chinese Relations Commission.

#### **Northeast Asia**

##### **Akihito Visit Said Unrelated to 'Comfort Girls'**

HK1607114692 Hong Kong AFP in English  
1113 GMT 16 July 92

[Text] Beijing, July 16 (AFP)—China said Thursday there was no link between a possible visit by Japan's Emperor Akihito and the issue of Chinese women being forced into prostitution for Japanese troops during World War II.

"We asked that the Japanese Government review the issue (of forced prostitution) earnestly, seriously and conscientiously," Foreign Ministry spokesman Wu Jianmin said.

But, he said, "The question regarding the comfort girls and the proposed visit by Emperor Akihito to China are totally different things."

Beijing is hoping the emperor will come to China this autumn to mark the 20th anniversary of the normalization of bilateral relations. The Japanese authorities, however, fear that a visit to China could provoke anti-Japanese sentiments.

According to various estimates, about 100,000 to 200,000 Asians—Chinese, Indonesian, the Philippines and especially Koreans—were forced to become prostitutes for Japanese troops during World War II.

During its invasion and occupation of China, the Japanese Imperial Army killed millions of Chinese men, women and children and anti-Japanese sentiment remains very strong despite important bilateral economic relations and Japan being China's leading aid donor.

The Japanese government announced it will make a decision on the visit July 26, after its upper house elections.

##### **Sino-ROK Joint Venture Established in Tianjin**

OW1807083092 Beijing XINHUA in English  
0814 GMT 18 Jul 92

[Text] Beijing, July 18 (XINHUA)—A large-sized Sino-South Korean venture for producing videocorders was established in Tianjin on July 17.

The Tianjin Telecommunication and Broadcasting Company and Samsung Electronics Co. Ltd. from South Korea will make a joint investment totalling 56 million U.S. dollars for the venture.

The Samsung Electronics Co. Ltd. is a major videocorder producer in South Korea, with an annual videocorder production capacity of 4.5 million and colored television production capacity of 5 million. The output of the company's videocorders accounts for eight percent of the world's total.

The newly-established Tianjin Samsung Electronics Corporation will take 66,000 square meters of land in the Tianjin Economic Development Zone. Its first phase construction includes 16,000 square meters of factory buildings. The factory buildings will be used for annually producing 600,000 high and medium-grade videocorders, 600,000 major components of videocorders and 600,000 magnetic drums for videocorders.

About 70 percent of the joint venture's products will be exported. The venture will be operational in October next year.

Kang Jinku, president of Samsung Electronics Co. Ltd., said the two sides of the venture will make joint efforts for building the venture into the biggest overseas venture of the Samsung group in the near future.

#### **'Analysis' on Developments in DPRK, ROK Ties**

OW1907141592 Beijing XINHUA in English  
1402 GMT 19 Jul 92

["News Analysis" by Li Nengqing: "Kim's Seoul trip, a breakthrough for economic exchanges"]

[Text] Pyongyang, July 19 (XINHUA)—Deputy Prime Minister of the Democratic People's Republic of Korea (DPRK) Kim Tal-hyon began today his one-week visit to Seoul, marking another breakthrough in inter-Korean relations.

Kim, who is also the DPRK's foreign trade minister, arrived in the South Korean capital at the invitation of his South Korean counterpart, Choi Kak-kyu, in a bid to promote economic exchanges and cooperation between the North and the South.

Analysts here regarded Kim's current trip to Seoul as the beginning of substantial economic cooperation between the North and the South, one step forward from the stage of mere documents.

Despite frequent political contacts between the two sides, economic exchanges and cooperation have been put in cold storage since the disintegration of the peninsula 50 years ago.

With the development of political ties and the changing situation in neighboring countries, the two sides have begun to adopt flexible attitudes to make way for economic cooperation.

As a result, bartering activity between the two sides has begun to show signs of life since last winter.

At the beginning of this year, a delegation of the Daewoo Group, South Korea's fourth largest business conglomerate, visited the DPRK and made proposals concerning Daewoo's participation in the North's economic development, including the establishment of the first inter-Korea joint venture in the DPRK.

These plans, however, were postponed due to political factors until last March, when the two sides began to discuss details of cooperation.

According to radio reports from South Korea, the negotiators have now reached a consensus on most aspects of the cooperation.

Cooperation includes the Daewoo Group's investment and establishment of a factory in the North, joint investment in the laying of a natural gas pipeline from Siberia through the Korean peninsula, the building of railways and roads connecting the two sides, cooperation in developing the tumen river area economic development zone in conjunction with Russia and China and the development of a joint tourist area spanning a mountainous area on the two sides.

During his stay in Seoul, Kim and his delegation will visit South Korea's factories, stores and markets to study the South side's economic system and management.

Kim will also discuss with his hosts specific ways of cooperation and how to break down social and ideological differences.

An official from the South said that the two sides would be able to reach an accord on economic exchanges and cooperation by September 5.

### **Southeast Asia & Pacific**

#### **Qian Qichen Pays Official Visit to Brunei**

OW1707124592 Beijing XINHUA in English  
1227 GMT 17 Jul 92

[Text] Bandar Seri Begawan, July 17 (XINHUA)—Chinese State Councillor and Foreign Minister Qian Qichen arrived here this evening for an official visit to Brunei Darussalam at the invitation of his Brunei counterpart Prince Mohamed Bolkiah.

Upon his arrival at the airport, Qian said in a press statement that the visit would give him the opportunity to exchange views with the leaders of Brunei on bilateral relations and international issues of mutual interest, and to explore ways of strengthening and expanding bilateral cooperation in the economic, trade and other fields.

He said China and Brunei are friendly neighbors with amicable contacts between the two peoples dating back to the ancient past, and a new phase in the all-round development of bilateral relations was marked by the establishment of formal diplomatic relations last year. He believed that the bilateral relations "will further solidify and grow stronger."

Prince Mohamed Bolkiah welcomed Qian at the airport and is scheduled to host a dinner for the Chinese foreign minister and his party tonight.

Also present to the welcome ceremony was Jin Guihua, Chinese ambassador to Malaysia and Brunei, who arrived here earlier from his residence in Kuala Lumpur.

Qian Qichen's three-day visit to Brunei is the first of its kind by a Chinese foreign minister. Qian is the highest Chinese official to visit the oil-rich sultanate in southeast Asia after the establishment of diplomatic relations between the two countries last September.

#### **Meets Sultan Hassanal Bolkiah**

OW1807164692 Beijing XINHUA in English  
1557 GMT 18 Jul 92

[Text] Bandar Seri Begawan, July 18 (XINHUA)—The sultan of Brunei Darussalam, Sultan Hassanal Bolkiah, had talks with Chinese State Councillor and Foreign Minister Qian Qichen here today.

The Chinese minister conveyed the warm greetings to the sultan from Chinese President Yang Shangkun and Premier Li Peng, and reaffirmed Yang's invitation to the sultan to visit China. The Sultan thanked the greetings and asked Qian to pass his greetings to President Yang and Premier Li. He expressed his pleasure to accept the invitation.

Qian said the objective of his visit is to enhance the bilateral relations between China and Brunei, and there is great potential for furthering economic and trade relations. He said, "according to China's policy, countries in the world, big or small, must live in peace and harmony without interfering in each other's internal affairs."

The sultan appreciated the policy and said, "Brunei attaches importance to the development of relations with China."

"Your first visit to Brunei has opened up the road for closer cooperation between our two countries," he added.

As an evidence of age-old friendship between China and Brunei, Qian presented the sultan with a photo depicting the perfectly-preserved tomb of the former Brunei Sultan Manajekana who died in Nanjing in 1408 during his visit to China.

Sultan Hassanal Bolkiah was happy to receive the photo and said there is a road called Ong Sum Ping in Brunei's capital and the name comes from a Chinese who immigrated to Brunei long ago. "Since the establishment of diplomatic relations between our two countries, the bilateral relationship is getting closer and I hope that the ties will be continuing further," the sultan said.

#### **Sees Foreign Minister Bolkiah**

OW1807165392 Beijing XINHUA in English  
1550 GMT 18 Jul 92

[Text] Bandar Seri Begawan, July 18 (XINHUA)—Brunei Foreign Minister Prince Mohamed Bolkiah met

here today with Chinese Foreign Minister Qian Qichen and had cordial talks with him on bilateral cooperation and a number of regional issues.

Qian said China-Brunei exchanges date back to the ancient times. Since their respective independence, the two countries have resumed and developed the historical relationship. The maintenance of reciprocal visits of high-level officials can play an important role in promoting bilateral links. He suggested that direct trade be increased to tap the potential of bilateral cooperation in economic and trade relations. The two governments may encourage businessmen and companies to increase their exchanges to explore new areas of cooperation, he said.

Prince Mohamed Bolkiah said relations between the two countries are quite good and there are no problems in the relationship. The establishment of diplomatic relations and the exchange of ambassadors between the two countries will further enhance bilateral ties, he said.

The two sides are of the view that the Paris Accord on the Cambodia issue must be implemented fully and justly, and that national reconciliation must be truly realized among all factions in Cambodia. Following the resolution of the Cambodia issue, the countries in the region should make efforts to maintain peace and stability and achieve common prosperity in the region.

Qian invited Prince Mohamed to visit China and the latter accepted the invitation with pleasure.

Abdul Rahman Taib, minister of industry and primary resources of Brunei, and Dato Haji Isa [name as received], special adviser to the sultan and minister of home affairs, met with Qian this afternoon.

#### **Holds News Conference**

OW1807183592 Beijing XINHUA in English  
1706 GMT 18 Jul 92

[Text] Bandar Seri Begawan, July 18 (XINHUA)—The relationship between China, a country with a big population, and Brunei, a country with a small population, is an example of equal and friendly cooperation between countries in the world, said Chinese Foreign Minister Qian Qichen.

Meeting with the press here before winding up his visit to Brunei Darussalam, Qian described his visit as fruitful. "Prince Mohamed Bolkiah and I share the view that although there is a short time since the establishment of diplomatic relations between our two countries, the relationship has been quite well and there are no problems in the relationship," Qian said.

On the question of bilateral economic and trade cooperation, Qian said that during the talks, the Chinese side maintained that direct trade may be encouraged without hampering the current trade via Hong Kong or Singapore.

China owns certain scientific and technical resources and the two countries may engage in technical cooperation, he said.

China also has some experience in developing medium and small scale industries and this is another area for potential cooperation, he said. China hopes that the exchange of personnel in the business circle will be increased, he added.

On China-ASEAN (Association of Southeast Asian Nations) relations, Qian said with the establishment of diplomatic relations between China and Brunei last year, China has diplomatic relationship with all the six ASEAN members and this marked the beginning of a new phase of China-ASEAN ties. With the resolution of the Cambodia issue, China and ASEAN should not only maintain peace and stability, but also strengthen cooperation and prosperity in the region, he said.

One characteristic of the China-ASEAN relationship, Qian said, is the fact that a number of people of Chinese origin are living in these countries for historical reasons. China would like to reemphasize that it will not use these people for its own gains and will not interfere in their internal affairs when developing relations with ASEAN countries, he said.

China hopes that these people of Chinese origin will cooperate friendly with other local people in the course of national construction and will serve as a tie to promote China-ASEAN relations, the foreign minister said.

On the issue of the South China Sea, Qian said both China and Brunei are of the view that in the wake of the resolution of the Cambodia issue, there must be peace and stability in Southeast Asia instead of new tensions and hot spots.

China maintains that the dispute should be resolved through peaceful talks, Qian said. Generally speaking, issues of this kind should be laid aside for the moment and the question of the South China Sea should not be internationalized, Qian added.

#### Departs for Singapore

OW1907055192 Beijing XINHUA in English  
0327 GMT 19 Jul 92

[Text] Bandar Seri Begawan, July 19 (XINHUA)—Chinese State Councillor and Foreign Minister Qian Qichen left here for Singapore this morning, ending his three-day official visit to Brunei Darussalam.

Brunei Foreign Minister Prince Mohamed Bolkiah and Chinese Ambassador to Malaysia and Brunei Jin Guihua were present at the airport to see Qian and his party off.

Before departure, Qian told reporters that his first visit to Brunei was successful. His Majesty the Sultan of Brunei Sultan Hassanah Bolkiah met him and his Brunei

counterpart Prince Mohamed Bolkiah had talks with him on bilateral relations and regional issues.

Qian said that he is optimistic about the prospects of the friendly cooperation between China and Brunei and looks forward to Prince Mohamed's visit to China in the near future.

#### Qian Discusses Ties With Singapore Counterpart

OW1907100392 Beijing XINHUA in English  
0954 GMT 19 Jul 92

[Text] Singapore, July 19 (XINHUA)—Chinese Foreign Minister Qian Qichen and Minister for Foreign Affairs of Singapore Wong Kan Seng met here today.

Qian, who was accompanied by six senior officials, arrived here from Brunei at noon today en route to Manila.

During his short stay here, Qian exchanged views with his Singapore counterpart on the close relationships between China and Singapore as well as international and regional issues of common concern at a working lunch.

The Chinese foreign minister arrived Bandar Seri Begawan on July 17 and paid his first official goodwill visit to Brunei since the establishment of diplomatic ties between the two countries earlier this year.

Qian and his delegation had left here for Manila this afternoon. He will pay a two-day official goodwill visit to the Philippines.

After his visit, Qian will attend the coming 25th ASEAN Ministerial Meeting (AMM) as guest of the ASEAN and hold separate consultative meeting with the foreign ministers from ASEAN countries.

The Chinese foreign minister was invited for the first time to attend AMM as guest of ASEAN. This invitation was made by the fourth ASEAN summit held in Singapore in January this year. The foreign minister of Russia was also invited as guest of ASEAN.

The AMM and post ministerial conferences of ASEAN will be held in Manila from 21 to 26 July.

#### Qian in Manila for Visit, ASEAN Meeting

OW1907123792 Beijing XINHUA in English  
1220 GMT 19 Jul 92

[Text] Manila, July 19 (XINHUA)—Chinese State Councillor and Foreign Minister Qian Qichen arrived here this evening for a two-day official goodwill visit to the Philippines.

The Chinese foreign minister, as an invited guest, will also attend the 25th Ministerial Meeting of the Association of Southeast Asian Nations (ASEAN) to be held in Manila on July 21-22.

Upon his arrival at Manila Ninoy Aquino International Airport, Qian said in a statement, "ASEAN countries are close and friendly neighbors of China and ASEAN, as a regional organization, is gaining in dynamism and vigor."

"To develop long-term and stable friendly and good-neighborly relations and cooperation with ASEAN and ASEAN countries is a basic state policy of China," he stressed.

He said that as China and ASEAN countries are all striving for economic development, "it is our common interest to maintain peace and stability in the region and strengthen cooperation in the economic, trade, scientific and technological and other fields."

"During the ASEAN ministerial meeting, I will be holding consultations with my six ASEAN counterparts on how to further develop and strengthen friendly relations and cooperation between China and ASEAN as well as on other international and regional issues of common interest," he said.

He said, "During my visit to the Philippines, I will be exploring ways with leaders of the newly elected government of the country for the further development of the friendly relations and cooperation between the two countries."

"China is ready to work actively for peace and development of the region together with ASEAN countries," he added.

The Chinese foreign minister was met at the airport by Philippine Foreign Secretary Raul Manglapus and Chinese Ambassador to the Philippines Huang Quifang.

#### Praises Ties

OW1907163192 Beijing XINHUA in English  
1551 GMT 19 Jul 92

[Text] Manila, July 19 (XINHUA)—Visiting Chinese State Councillor and Foreign Minister Qian Qichen today said he believed that the relations between China and the Philippines will be further developed.

The Chinese foreign minister made these remarks at a dinner in his honor given by Philippine Foreign Secretary Raul Manglapus.

At the dinner, the Philippine foreign secretary recalled the historical and traditional friendship between the Philippines and China, and praised Qian Qichen for his contributions to the regional and world peace. He also hoped the relations between the two countries will ever grow.

Qian Qichen said it was a great pleasure for him to visit the Philippines at the time when President Ramos formed a new government after a general election in the country.

He wished the friendship between the two countries and the two peoples will be further developed.

As Mr. Manglapus indicated, he said, "Strong ties between China and the Philippines can not separated from each other and the friendship between our two countries are very strong and deep-rooted in the hearts of our two peoples."

Chinese Ambassador to the Philippines Huang Quifang was also present at the dinner.

#### Discusses 'Friendly' Relations

OW2007105092 Beijing XINHUA in English  
1037 GMT 20 Jul 92

[Text] Manila, July 20 (XINHUA)—Visiting Chinese State Councillor and Foreign Minister Qian Qichen said here today China is willing to further develop friendly relations with the Philippines under President Fidel Ramos' government.

The Chinese foreign minister made the statement during his 90-minute talks with his Philippine counterpart Raul Manglapus here today.

He also indicated, "To develop friendly relations with the Philippines is China's established policy."

The cooperation and exchanges between the two countries have been continuously developed in all fields since the establishment of diplomatic relations between China and the Philippines in 1975, he said.

He stressed that the friendly relations between China and the Philippines benefit not only the development and prosperity of the two countries but also the peace and stability in the Asia-Pacific region.

The Chinese minister expressed his thanks to the Philippine Department of Foreign Affairs for its efforts to develop friendly relations between the two countries.

He also appreciated the Philippine Government for its reiteration of one China policy over the years.

The Chinese foreign minister said he hoped the new government of the Philippines will continue one China policy and guard against Taiwan's "substantive diplomacy."

On his part, the Philippine foreign secretary said his country will not add "political character" when developing economic and trade relations with Taiwan.

He stressed that the Philippine Government has no intention to change its one China policy.

The two foreign ministers also exchanged views on the promotion of trade and economic ties, as well as on exchanges in science and technology, tourism and culture.

**South China Sea Development Viewed***OW2007071492 Beijing XINHUA in English  
0706 GMT 20 Jul 92*

[Text] Manila, July 20 (XINHUA)—Chinese Foreign Minister Qian Qichen said today that China favors joint development in the South China Sea while putting aside disputes with other claimants.

The minister made these remarks during his 90-minute talks today with his Philippine counterpart Raul Manglapus.

Qian, also a state counselor, said that "It is China's consistent policy to seek for peace and order in the region as well as in the world."

"China has no intention to either fill the vacuum in the region or to exploit the changing situation for its own interests," Qian added.

"China consistently insists on consultative cooperation from all parties concerned on regional disputes."

Qian also expressed confidence that regional peaceful order can be maintained under further joint efforts since leaders of China and the Philippines have reached good understanding on the dispute.

Qian said that the two countries have broad prospect for cooperation for mutual benefits.

On his part, Philippine Foreign Secretary Manglapus said he is satisfied with China's standpoint on the issue, because it is in accordance with the guidelines that came out of the workshop chaired by Indonesia last year.

That is also the stand stated by Chinese leader Deng Xiaoping to former Philippine President Corazon Aquino during her state visit to China in 1988, he said.

**Confers With Congress Leaders***OW2007112692 Beijing XINHUA in English  
1114 GMT 20 Jul 92*

[Text] Manila, July 20 (XINHUA)—Visiting Chinese State Councilor and Foreign Minister Qian Qichen today conferred with Philippine Congress leaders on further cooperation between the congresses of the two countries.

During his meeting with Philippine Senate President Neptali Gonzales, Qian conveyed the sincere greetings to Philippine Congress leaders from Wan Li, chairman of the Standing Committee of the National People's Congress of China.

Qian expressed the hope that the Philippines will achieve national prosperity, happiness for the people, economic development and social stability under the leadership of its new president, Fidel Ramos.

Gonzales, on his part, thanked the Chinese leaders for their warm welcome to the Philippine Senate delegation that visited China last month.

Gonzales also hoped the congresses of the two countries to have more exchange of visits in the future.

In the afternoon, the Chinese minister met Jose De Venicia and Jose "Peping" Cojuangco, the two candidates for the speaker of the House of Representatives of the Philippines.

**Beijing Comments on Khmer Rouge Canton Proposal***BK1807091792 Beijing Radio Beijing  
in Cambodian 1030 GMT 17 Jul 92*

[Article by station correspondent: "A New Development in the Second Phase of the Cease-fire of the Cambodian Peace Plan"]

[Text] On 15 July, troops of the Khmer People's National Liberation Front led by Don Sann gathered and handed over their weapons in a garrison in the Sisophon area. According to reports, there were altogether 2,778 officers and men present along with 7,640 assorted weapons. This is another development after the Cambodian peace plan entered the second phase on 13 June.

To this day, of the four Cambodian parties, signatories of the Paris agreement, three parties have started to canton their troops. Yasushi Akashi, head of UN Transitional Authority in Cambodia (UNTAC), made a speech on this occasion calling on another party in the four Cambodian parties to change its stance in the near future and to take part in the Cambodian peace process. The party he was referring to is clearly the Party of Democratic Kampuchea (PDK). The latter has clearly shown its stance in a new proposal made public on 15 July.

This proposal again calls on UNTAC to verify that all Vietnamese troops are withdrawn from Cambodia and demands that greater rights be given to the Cambodian Supreme National Council (SNC). This proposal says that when the Phnom Penh side agrees to dissolve the Ministries of National Defense and Security, the PDK will canton 10 percent of its troops in the first week. When the Phnom Penh side agrees to dissolve the Ministries of Foreign Affairs and Finance, the PDK will canton 20 percent of its troops in the second week. When the Phnom Penh side agrees to dissolve the Ministry of Information, the PDK will canton 30 percent of its troops. When the Phnom Penh side agrees to dissolve the National Assembly and the Council of Ministers, the PDK will canton the remaining 40 percent of its troops.

Observers have noted that the above new proposal of the PDK clearly shows this party's demand which was made at the recent international conference on Cambodia's rehabilitation and reconstruction. At that time, the Phnom Penh side fully rejected the PDK's demand. However, UNTAC and the other two Cambodian parties

agreed in their differing views on the justification of this demand when criticism was levelled at the PDK.

Now the PDK has converted its demand into a proposal. What are the reactions of various parties? People are waiting to see this. Whatever the case, the implementation of the Paris peace agreement is now entering the most important phase. Whether the second phase can be smoothly implemented or not has a direct bearing on the success or failure of the implementation of the Paris peace agreement. It also has a direct bearing on whether genuine peace can be achieved or not in Cambodia.

The international community sincerely hopes that the four Cambodian parties abandon their past differences and unite around the SNC, and under the international community's assistance, implement the Paris agreement as planned. This is because over 10 years of war has shown that the issue cannot be solved through fighting; only peaceful means can be used to solve the Cambodian problem and to really guarantee that this country travels along a path of peace and national reconstruction.

#### **Khieu Samphan on SRV 'Occupation' of Cambodia**

*OW1907080792 Beijing XINHUA in English  
0739 GMT 19 Jul 92*

[Text] Phnom Penh, July 19 (XINHUA)—Vietnam is still occupying Cambodia under the disguise of the so-called "Phnom Penh government," which it installed in 1979 as a tool for its invasion and occupation of Cambodia, said Khieu Samphan in a statement dated July 18.

Khieu Samphan pointed out that since the signing the Paris agreement on October 23, 1991, the Vietnamese forces have never stopped military operations against the forces of the Democratic Kampuchea Party, and have continued to send new troops to Cambodia.

Vietnamese cadres are disguised as civilians so as to continue to organize, consolidate and expand the Vietnamese power networks in Cambodia, he said.

The flow of Vietnamese settlers into Cambodia is continuing unabated, and their number has reached one million, Khieu pointed out.

He said that nearly nine months has passed since the signing of the Paris agreement, but there is not yet light for peace, security and national reconciliation in Cambodia.

He described the situation in Cambodia where there is no peace, no security and no national reconciliation as a threat to peace, security and stability in this part of southeast Asia.

#### **Du Muoi Expects Better Bilateral Relations**

*OW1907073292 Beijing XINHUA in English  
0715 GMT 19 Jul 92*

[Text] Hanoi, July 19 (XINHUA)—General Secretary of the Vietnamese Communist Party Do Muoi today made

a positive evaluation of the relationship between Vietnam and China and hoped such relationship will be further pushed forward.

Du Muoi said this to XINHUA correspondents after he cast his vote in a ballot station in Hanoi in the election for the Ninth National Assembly.

"Relations between our two countries were normalized when I visited China last year leading a senior delegation," he said.

"The development of bilateral relations has been good and I hope they will develop even better and continuously," he added.

#### **XINHUA Reports on SRV Parliamentary Election**

*OW1907073592 Beijing XINHUA in English  
0710 GMT 19 Jul 92*

[Text] Hanoi, July 19 (XINHUA)—The election for the Ninth National Assembly of Vietnam is held today, in which 601 candidates will compete for the 395 seats in the country's supreme legislature.

The polling booths are to stay open from 7 am to 7 pm. About 37 million eligible voters will choose their favorite candidates recommended from 158 electoral units of the 53 provinces and municipalities.

General Secretary of the Communist Party Do Muoi, president of the Council of State Vo Chi Cong, Prime Minister Vo Van Kiet, and Chairman of the National Assembly Le Quang Dao cast their votes Sunday morning in the capital.

Do Muoi told reporters after casting his ballot, "We have scored good results in economic reforms. Now we are embarking on political renovation."

"The purpose of the political renovation is to make the state organs belong to the people, come from the people and work for the people," he said.

The result of the election will not be available until after July 23.

The First Session of the Ninth National Assembly will be convened by the end of September, at which the country's leading posts including the president, prime minister and chairman of the national assembly will be elected.

According to the new Constitution, the Ninth National Congress will enjoy a five-year term.

## Near East & South Asia

### Baker's Mideast Tour, Peace Process Analyzed

OW1807083992 Beijing XINHUA in English  
0817 GMT 18 Jul 92

[By Gu Zhenglong: "Baker's Middle East Tour Designed To Push Forward Mideast Peace Process by Reassuring Arabs on American Position"]

[Text] Damascus, July 18 (XINHUA)—U.S. Secretary of State James Baker's forthcoming Middle East tour is designed to push forward the Mideast peace process by reassuring the Arab states that the U.S. will try to achieve concessions between Israel and the Arabs.

Analysts here believe that Baker's Middle East tour, embracing Israel, Egypt, Jordan, Syria and Saudi Arabia, will afford the U.S. Administration the opportunity to sound out what new Israeli Prime Minister Yitzhaq Rabin has in stock by way of concessions and the Arab views on the new situation after Rabin assumes power.

Baker starts the Middle East tour Sunday, and he will face Arab sensitivity over the development of U.S.-Israeli relations and whether further pressure would be exercised against the Arab parties.

The resumption of bilateral Arab-Israeli negotiations, possibly in September in Rome will also be a main topic in the talks between Baker and leaders of the states he is to visit.

Western diplomatic sources in Damascus have revealed the outlines of an integrated plan which Baker will bring with him to the region.

They said the plan will begin with granting the new Israeli Government the requested 10-billion-dollar-loan guarantees for immigrant absorption, and end with a demand of abolishing Arab boycott of Israel.

To strike a compromise, the U.S. plan seeks to halt the four-year-old Palestinian uprising against Israeli rule in the Occupied Territories in exchange for proposed elections in the Occupied Territories, and consider the prospects of mutual withdrawals along the confrontation lines between Syria and Israeli forces in the occupied Golan Heights.

The Arab capitals, especially Damascus, are prevailed by skepticism over the Israeli intentions toward the peace process, particularly Rabin's priority to seeking a provisional solution of the Palestinian problem on the basis of self-rule, without mentioning U.N. Security Council Resolutions 242 and 338 and the land-for-peace principle.

A highly-placed Syrian diplomatic source told XINHUA that Syria will inform Baker of its commitment to a comprehensive peace on all Arab fronts in conformity

with international resolutions, as pledged by the U.S. Administration to Syria through the American initiative.

Likewise, Baker's visit will provide the Arab states with an insight into American positions regarding the peace process, the extent of the U.S. Administration's commitment to its initiative, and whether this commitment has been influenced by the current election campaign in the United States.

The analysts, meanwhile, raised doubts that how Rabin will compromise with Washington's policy toward peace and the U.S. assurances to the Arab states that Israeli-Arab negotiations will be based on Resolutions 242 and 338.

The Arab parties, particularly Syria, are not optimistic about the plan Baker is carrying. During his trip, Baker may try to reassure the Arabs about the American initiative and undo Arab reservation and skepticism of Rabin's policies.

Baker will reassure the Arabs that the American position toward the peace process and the settlements has not changed.

### Syrian Official Says Position on Peace Unchanged

OW1907203692 Beijing XINHUA in English  
2005 GMT 19 Jul 92

[By Gu Zhenglong]

[Text] Damascus, July 19 (XINHUA)—Syria has not changed its position on the Middle East peace process and insists that Israel should withdraw from all the occupied territories to reach a comprehensive peace, a Syrian diplomat close to the Syrian foreign minister said today.

What was put forward by Syria to U.S. Secretary of State James Baker during his past eight tours of the region will be put to him during his current tour, the source told XINHUA.

Baker started his new Middle East tour with a visit to Israel today and will then visit Syria, Jordan, Egypt and Saudi Arabia to reinvigorate the Middle East peace process.

Syria adheres to the peace process and the U.S. initiative based on U.N. Security Council Resolutions 242 and 338, as well as the land-for-peace principle, the source added.

The source pointed out that Syria insists that a just and comprehensive solution should be reached on the basis of the withdrawal of Israel from all the Arab territories occupied since 1967 and the restoration to the Palestinian people of their legitimate national rights.

The source warned against Israeli Prime Minister Yitzhaq Rabin's maneuvers which he said were intended "to seek separate solutions and settlements and to sow the seeds of discord among Arab states."

The source noted that Syria's position on the Arab-Israeli multilateral negotiations has not changed, and that no one can impose on Syria any solutions or settlements incompatible with the legitimate Arab rights.

He added that Syria rejects any temporary proposals for the establishment of Israeli strategic positions in the Golan Heights, that Syria insists on the full recovery of the Golan and that the establishment of any demilitarized zone should include both sides on the boundaries.

The source confirmed that Syria totally rejects Rabin's classification of Jewish settlements inside the occupied lands into "political" and "security." Syria does not accept Rabin's decision to partly freeze the construction of Jewish settlements because it is intended to enable him to obtain 10 billion dollars in loan guarantees from the U.S.

He said Syria hopes that Baker will not fall into the trap set by Rabin during the American secretary's visit to Israel.

**Political & Social****Dissident Liu Qing Denounces Jail 'Horrors'**

HK2007025292 Hong Kong SOUTH CHINA  
MORNING POST in English 20 Jul 92 pp 1, 8

[By Willy Wo-lap Lam]

[Text] One of China's most famous dissidents has arrived in New York, where he has denounced the "horrors" of the Chinese judicial and penal system.

Mr Liu Qing, who was jailed for 10 years for reasons including helping to defend celebrated Democracy Wall activist Wei Jingsheng, is now a visiting scholar at Columbia University.

Even though Mr Liu, 46, was released in December 1989, it took repeated appeals by the American State Department before Beijing allowed him out of the country last week.

In an exclusive interview with the SOUTH CHINA MORNING POST, Mr Liu belied Chinese claims that "Marxist humanitarianism" was observed in the country's vast gulag.

He also challenged the accusations that Beijing had levelled against the so-called "black-hand" masterminds behind the 1989 democracy movement, including Mr Wang Juntao and Mr Chen Ziming.

Mr Liu, who was the convenor of the several groupings and magazines that made up the Democracy Wall Movement of 1978 and 1979, was detained in late 1979 for publicising the transcript of the famous show trial of Wei.

Three years later, he was slapped with an additional seven-year term for smuggling out his manuscript Notes From Prison, which was later published in Hong Kong.

Mr Liu, who is accompanied by his wife, a fellow graduate of Nanjing University, said in spite of claims by the authorities, life in the four prisons he had been detained in was sheer hell.

"I was beaten up, starved, and forbidden to exercise and to talk," he said. "I could not even breathe the way I wanted. And they were trying to control the way I thought."

Mr Liu spent the past five years of his incarceration at the No 2 prison of Shaanxi Province, in Weinan County.

He was subjected to a specially rough regime because he had spurned repeated efforts by judicial and police officers to make him "confess".

For long stretches of time, Mr Liu was assigned to a "severe discipline squad" where he was "supervised" by more than 30 of the "well-behaved" fellow prisoners.

"From the moment I awoke to bedtime, I was obliged to sit on a rough and narrow camp stool," Mr Liu said.

"I was not allowed to move or to talk. I tried to practise qigong. But once my prisoner-guards discovered a change in my breathing patterns, they forced me to stop the breathing exercise."

At one particularly bad period of four months, Mr Liu lost 25 kilograms and developed ailments including rheumatism and failing eyesight.

He said he was given the inhuman treatment mainly because he had refused to admit his "guilt"—not because he had ever attempted to overthrow the administration.

"My interrogators knew full well I had never advocated the armed overthrow of the communist regime," Mr Liu said.

"I think the system is no longer fit for China because it has spawned poverty and slavishness. But I would let the people to freely and peacefully choose whichever system they think is best."

The veteran activist, who is writing a book on the Democracy Wall crusade, has indicated that since the late 1970's, one faction in the party has tried to make use of pro-democracy movements to strike at the enemy faction.

Mr Liu revealed that the late party chief Mr Hu Yaobang, who was a key aide to patriarch Mr Deng Xiaoping in 1979, had held long conversations with Democracy Wall activist Wang Juntao.

"Hu Yaobang was trying to persuade Wang and other activists to wage their democracy crusade under the leadership of the liberal wing of the party," Mr Liu said.

"Both Wang and (another "black hand" dissident behind the 1989 movement) Chen Ziming, were 'mild' activists who wanted to work within the system," he added. "They would never had led any conspiracy to overthrow Beijing."

Mr Liu said Wang and Chen, who were each given 13 years for "masterminding" the 1989 movement, were made scapegoats by the dictates of the power struggle within the party.

An architect by training, Mr Liu said he hoped to return to China after spending one to two years in the U.S.

**Reportage Views Hearing on Bao Tong's Case****To Be Held 21 Jul**

HK1807041992 Hong Kong MING PAO in Chinese  
18 Jul 92 p 2

[Special Dispatch: "Hearing on Bao Tong's Case Reportedly To Be Held in Beijing Next Tuesday"]

[Text] A source has revealed that the hearing of the case of Bao Tong, one time senior assistant to former CPC General Secretary Zhao Ziyang, is to be held on the morning of next Tuesday [21 July]. The hearing will be

held in camera, and Bao's dependents will not be allowed to sit in the public gallery; only Bao's two lawyers will be present to speak in his defense. Bao's dependents have continued their efforts, asking the authorities to permit them seats in the public gallery as of today.

According to a reliable source in Beijing, Bao Tong's spouse, Jiang Zongcao [5592 1350 2580] went to the Beijing Municipal Intermediate People's Court yesterday to deliver a letter, repeatedly demanding a public hearing of Bao Tong's case.

In the letter, Jiang Zongcao stated that, because the 4 June political storm has already become history, and the government has already drawn a conclusion about the incident, there will be no secrets to speak of in his case.

In addition, Jiang Zongcao stated in her letter that, according to Chinese law, the court's first hearing should be openly conducted; in actual fact, an open hearing will only help "educate" the masses.

On such grounds, in her letter, Bao Tong's spouse requested the presence of Bao's dependents, friends, and the media in the public gallery for the hearing.

Prior to this, Bao Tong's dependents had on several occasions appealed to the authorities to openly conduct the hearing and permit them seats in the public gallery.

The source added that Jiang Zongcao had no idea exactly when the hearing would be held when she went to the People's Court yesterday morning. The court notified Bao Tong's lawyers only yesterday afternoon that the hearing would begin next Tuesday.

According to the source, Bao Tong was indicted by the authorities for crimes of counterrevolutionary propaganda and inflammatory delusion as well as betrayal of state secrets. The first "label" refers to his participation in the May 1989 publication of the six-point statement on the situation then by Beijing's "three institutes and one society" (namely, Institute of Restructuring Economy, Institute of Rural Development, China International Trust and Investment Corporation Institute of World Issues, and Beijing Society of Economics for Young People); the other charge on betrayal of state secret refers to Bao Tong disclosing information on Zhao Ziyang's removal from office. According to the source, however, Bao Tong has refused to admit those two charges.

The source said, Bao Tong's spouse has repeatedly stressed that her husband was absolutely free of all counterrevolutionary "purposes," and she had no idea why the authorities have accused him of "the crime of counterrevolutionary propaganda and inflammatory delusion." On the contrary, her husband used to be so occupied in reform and opening up that he always forgot food and sleep.

### Lawyers Warned Not To Discuss Case

HK1807050792 Hong Kong *THE STANDARD*  
in English 18 Jul 92 p 5

[By Cheung Po-ling]

[Text] Authorities have warned two defence lawyers for Bao Tong, a personal secretary of former party chief Zhao Ziyang, not to discuss any details of the case to anybody including the defendant's family.

Sources said the two lawyers, Zhang Sizhi and Yang Dunxian, have been followed by plain-clothed public security officials for a few days.

The Ministry of Justice, which was in charge of lawyers in China, instructed Mr Zhang and Mr Yang to keep the case highly confidential since the case was concerned with state secrets.

Bao was formally charged in January with leaking state secrets and counter-revolutionary propaganda and incitement.

He allegedly told students during the 1989 pro-democracy movement of the deployment of troops.

Since last week, when the ministry's instruction was issued, authorities had closely watched the two lawyers and their contacts with Bao's family had been under surveillance.

Sources close to the family said the two lawyers were told not to tell the family the details of the case or when the trial would open, otherwise they might face disciplinary action from the ministry.

Bao's wife had written to the court and the Communist Party for special permission to attend part of the hearing which did not involve state secrets, sources said.

The family was informed earlier that they would not be allowed to attend the trial, which could open any time.

### 'Lesser-Known Lawyer' Appointed

HK2007031292 Hong Kong *SOUTH CHINA MORNING POST* in English 20 Jul 92 p 8

[Text] The former close aide to disgraced party boss Mr Zhao Ziyang, Bao Tong, has appointed a lesser-known lawyer to be his principal defence lawyer, according to sources close to the family.

It is believed that Professor Yang Dunxian, a law expert at Beijing University, will now be the principal lawyer to defend Bao in the trial scheduled to open at the Beijing Intermediate Court tomorrow.

According to sources, Bao has already signed the authorisation certificate.

Sources said Bao's wife, Ms Jiang Zhongcao, had written to her husband saying that Mr Zhang Sizhi, a famous

lawyer who had defended "black hand" dissident Wang Juntao, should be appointed the "principal defence lawyer".

But the courts told Bao's wife last week that the letter had been "given to the higher authorities" instead of to Bao.

The sources said the courts also tried to mislead Ms Jiang into believing that Mr Zhang, who had been on official business in Inner Mongolia in early July, could not return to Beijing in time for the defence.

However, Mr Zhang made it back on July 10, and has since made his preparations for the defence.

"The court somehow wants Yang, and not Zhang, to do the principal job," a family source said.

The source said the family feared Professor Yang might not be ready to put in his best efforts to defend Bao.

Bao was charged on two offences namely "leaking state secrets" and "making counter-revolutionary propaganda and incitement". He has pleaded not guilty.

### Final Ceremonies Held for Deng Yingchao

#### Leaders Pay Respects

OW170713392 Beijing XINHUA Domestic Service in Chinese 0258 GMT 17 Jul 92

[Text] Beijing, 17 Jul (XINHUA)—The remains of Deng Yingchao—a great proletarian revolutionary, a stateswoman, a well-known socialist activist, a firm Marxist, an outstanding leader of the party and state, and a forerunner of the women's movement in China—was cremated in Beijing today. Central leading comrades including Jiang Zemin, Yang Shangkun, Li Peng, and Wan Li went to the Beijing Hospital to see Comrade Deng Yingchao off.

In the farewell room hung a streamer with white characters written on a black background saying "Mourn Comrade Deng Yingchao With Deep Grief." A picture of Comrade Deng Yingchao was in the middle. She lay peacefully amid fresh flowers and green leaves. Her remains were covered with the CPC's party flag. The old revolutionary, who was ardently loved by the people, wore a black Western dress made over 30 years ago. In front of her remains was placed a wreath presented by personnel who used to work by her side. On the silk ribbon attached to the wreath the following characters were written: "Eternal repose to Comrade Deng Yingchao."

At 0830 [2330 GMT], amid the strains of funeral music, Comrades Jiang Zemin, Yang Shangkun, Li Peng, Wan Li, Qiao Shi, Yao Yilin, Song Ping, Li Ruihuan, Bo Yibo, Song Renqiong, Wen Jiabao, Chen Muhua, Fang Yi, and Hong Xuezhi walked slowly into the farewell room and bowed three times to Deng Yingchao, who devoted her life to more than 70 years of revolution and

was deeply loved and respected by the whole party and the people of all nationalities across the country. Jiang Zemin and other comrades shook hands with Zhao Wei and Gao Zhenpu, secretaries of Deng Yingchao, and extended regards to them.

At 0835 [2335 GMT] eight People's Army Liberation soldiers left the farewell room carrying the coffin containing the remains of Deng Yingchao. Jiang Zemin and other comrades escorted the coffin to the hearse. At 0840 [2340 GMT] the hearse moved out slowly. Jiang Zemin and other comrades watched until the hearse had left.

Comrades Li Peng, Wen Jiabao, Chen Muhua, and Hong Xuezhi, as well as the personnel who used to work by the side of Comrade Deng Yingchao, escorted her remains to the Babaoshan Revolutionary Cemetery for cremation. People lined both sides of the 18-km street from the Beijing Hospital to the cemetery to say farewell to Comrade Deng Yingchao.

In accordance with her last wish, Comrade Deng Yingchao's ashes will be spread over the Hai He in Tianjin.

#### Ashes Scattered in Haihe River

OW1807134892 Beijing XINHUA in English 1321 GMT 18 Jul 92

[Text] Tianjin, July 18 (XINHUA)—In accordance with her last wish, the ashes of Deng Yingchao, widow of the late Premier Zhou Enlai, were scattered in the Haihe river today at Tianjin, the place where she started her revolutionary career in her youth and where she worked for many years.

To the accompaniment of funeral music, the passenger ship "Xinhaimen" conveyed the party escorting Deng's ashes to the estuary of the river and blew a long horn blast as the remains were scattered over the surface of the river.

Other ships in the vicinity also blew their horns to express deep respect to Deng.

Deng died of illness in Beijing last Saturday morning at the age of 88.

#### Comrades Mourn Death

OW1707114392 Beijing XINHUA Domestic Service in Chinese 1004 GMT 15 Jul 92

[Text] Beijing, 15 Jul (XINHUA)—"Letters that Comrade Deng Yingchao wrote to the CPC Central Committee during her lifetime are a vivid portrayal of her glorious ideology as well as the quality and tremendous spiritual riches she left us." In the past few days, people of all circles in the capital read with deep sorrow Comrade Deng Yingchao's "will," cherished her revolutionary achievements, and expressed their desire to fulfill her last wishes and continue the undertaking in reform and opening up to the outside world and socialist modernization.

While reading Sister Deng's "will" Chen Zuolin, deputy secretary of the CPC Central Commission for Discipline Inspection [CCDI], recalled with deep affection Sister Deng's tenure of office as the second secretary of the CCDI following the Third Plenary Session of the 11th CPC Central Committee. He said: During the period of her work with the CCDI, Sister Deng had high regard for party style and discipline. She took firm measures to improve party style; she also opposed and corrected the unhealthy party style of seeking personal benefits along with power and bureaucracy. She contributed tremendously to bringing order out of chaos, to resuming and carrying forward the party's fine tradition and style, and to implementing strict and impartial party discipline. Not only an enthusiastic advocate for carrying forward the party's fine tradition and style, she also earnestly practiced what she preached. She was a model in implementing solemn party discipline and in correcting party style. The letters she wrote to the party Central Committee are a touching portrayal of the noble character and sterling integrity of a great proletarian revolutionary, politician, and staunch Marxist.

Lei Jieqiong, chairman of the China Association for Promoting Democracy, was greatly grieved on hearing the news on Deng Yingchao's death. She got to know Sister Deng at the women's discussion meeting held in Lushan in May 1938, and their friendship grew deeply over several decades. Lei Jieqiong told reporters: "On 23 June 1946, while in Nanjing to submit a peace petition, Ma Xulun and I were seriously injured. Premier Zhou and Sister Deng visited us in the hospital the very same evening. Sister Deng also sent us clothing on the second day. I will never forget their concern and support." Speaking of the period when she worked with Sister Deng at the All-China Women's Federation and the Chinese People's Political Consultative Conference, Lei Jieqiong said: "Sister Deng showed much concern for me and for the democratic parties; she gave us much assistance. I hold her in very high regard and sincerely thank her. We are able to see more of Sister Deng's selflessness from her 'will.' Although she and Premier Zhou were without children, they raised many children of martyrs. Throughout their lives, they cared for other people and for the country more than themselves. They did not even leave behind their ashes or their inheritance. Sister Deng and Premier Zhou are prominent examples of Chinese communists. Their noble character and sterling integrity will always be a model for us to learn from."

Li Binghua, chairman of the Beijing Municipality's Xicheng District, read in detail Sister Deng Yingchao's letters to the party Central Committee. He said: It can be seen from Sister Deng's letters that she set high standards for herself and carried out her duties strictly in accordance with the party principles and stipulations of the party Central Committee concerning funerals. This shows that Sister Deng was open and aboveboard, selfless, and one with a lofty moral character who simply contributed without receiving any rewards during her lifetime. Sister Deng did not leave behind any inheritance. Her spirit, however, is a monument standing in the

people's minds. As a grass-roots cadre, we should follow Sister Deng's example. We should build an honest administration and work hard to really provide worthy services for the people and commit our whole life to the party's undertakings.

Wu Qingtong, who used to work for Premier Zhou Enlai and Deng Yingchao, said that after seeing the letter Deng Yingchao had written to the party Central Committee, he thought of the days when he worked for Premier Zhou Enlai and Deng Yingchao. Like Premier Zhou Enlai, she always kept the interests of the country and the people in mind. She led a simple life, always worked hard, and consistently opposed extravagance and waste. Therefore it is understandable that she wanted her funeral to be simple. She made great contributions to the party and the people, but never regarded contributions as belonging to an individual. Instead, she always gave credit to the party and the people. Deng Yingchao's letter reflected her and Premier Zhou Enlai's unchanging revolutionary spirit.

Zhao Qing and Zou Dehua, members of the Chinese People's Political Consultative Conference, and Tan Kun, a performer of children's shows, have been educated by Deng Yingchao on many occasions. They commented: In her lifetime Deng Yingchao had no children; she did not seek personal gain. All her life she was honest; she devoted her life to the cause of the party and the people. Her "will" represents the quintessence of the CPC's good traditions. Her spirit of devotion is a priceless treasure. Our party cadres should emulate her fighting spirit in building socialism with Chinese characteristics.

Nan Chunming, cadre from the General Office of the Standing Committee of the National People's Congress [NPC], praised Deng Yingchao by saying: Deng Yingchao devoted her life to the cause of the party, the motherland, and the people. During her lifetime she had no children; she did not want anything after her death. Such magnanimity of mind and noble sentiment can only come from a person who firmly believes in the cause of communism. Although Deng Yingchao has left us, the valuable spiritual legacy she left behind will forever serve to educate, encourage, and inspire us.

In a street in Beijing the reporter interviewed Liu Rongda, a worker at a power plant in Handan Prefecture, and Zhang Qinghuan, a worker at a sugar refinery in Beijing Municipality. They gave the thumbs-up sign, saying: "She was extraordinary! She was great!" Liu Rongda said: In the past we esteemed Premier Zhou Enlai, and now we also admire Deng Yingchao. When she lived, she was honest and did her official duties impartially. She served the people throughout her life. In her "will" she said that her living quarters would be turned over to the state, that she did not want her ashes to be kept, and that she would not leave anything for her relatives. With actual deeds she proved herself to be a real communist and a person who detested vulgar interests. Tong Jianchu, a retired cadre from the Beijing

Academy of Agricultural Science, said: "I am an ordinary cadre. When Deng Yingchao was still alive, our whole family respected her very much. After she passed away, we thought of her very much. Even my little grandson says Deng Yingchao was a good woman. Her 'will' is very touching. She has set a good example for cadres at all levels."

Yu Yunhui, director of the Organizational Bureau of the Organizational Department of the CPC Central Committee, was touched to tears after reading the letter written by Deng Yingchao to the CPC Central Committee. He said: "What is a thorough materialist? What is a communist's firm party spirit? What is the noble spirit of serving the people wholeheartedly? Deng Yingchao's can serve as the more vivid teaching material. Her letter is the most practical answer to these questions. Living as a member of society, Communist Party members also have feelings and desires, have relatives and friends, and have personal interests. But the advanced nature of Communist Party members lies in that they bear in mind their historical mission at all times; they consciously restrict themselves and transform themselves with party spirit and party principles; they put the interests of the party and the people above all else and subordinate the individual interests to the interests of the party and the people; and they can sacrifice themselves and devote themselves selflessly to public interests. Deng Yingchao has left us, but the great spiritual wealth she left behind will always inspire Communist Party members to advance with big strides and to make new contributions in the course of carrying out reform, opening up to the outside world, and achieving socialist modernization."

### Foreign Trade Ministry 'Might' Be Abolished

HK1807055292 Hong Kong SOUTH CHINA  
MORNING POST in English 18 Jul 92 p 8

[By Willy Wo-lap Lam]

[Text] The prospects of Vice-Premier Mr Zhu Rongji becoming premier after the 14th Party Congress have been enhanced by the success with which he has boosted the authority of his power base, the Economic and Trade Office (ETO).

And the political future of premier Mr Li Peng, whose term ends next March, has been undermined by his having to radically revise the state plans for the 1990s.

Mr Zhu, a protege of patriarch Mr Deng Xiaoping, has expanded the jurisdiction and powers of the newly established ETO, which he also heads.

The single most important organ in the State Council (or central Government), the ETO, which will be renamed Economic and Trade Commission next year, will look after most aspects of economic, financial and trading activities.

Chinese sources said several existing ministries and agencies would be either absorbed by or subsumed under the ETO.

They include the State Administration of Taxation, the State Administration for Industry and Commerce, as well as parts of ministries including commerce and materials and equipment.

The sources said the cabinet was debating whether the Ministry for Foreign Economic Relations and Trade might be abolished and turned into a unit under ETO.

The radical restructuring of the ministries is aimed at streamlining the Government and promoting the separation of government and business.

"The ETO, together with its subsidiaries, is supposed to exercise marco-level supervision over the economy, not direct control or management," a source said.

"However, this turn of events has helped Zhu Rongji consolidate his powers."

By contrast, the authority of the State Planning Commission (SPC), which is headed by another candidate for the premiership, Vice-Premier Mr Zou Jiahua, has been restricted.

Western diplomats said Mr Zou and other SPC leaders had last month begun to study ways in which the commission would be restructured.

Since various party documents have already spelled out that Beijing would cease slapping production and other quotas on factories, the powers of the SPC will inevitably be curtailed.

Political analysts in Beijing said the chances for Mr Zhu making the premiership at the 14th Congress had been boosted because of the setbacks suffered by Mr Li.

On Thursday, the State Council said it would revise the Eighth Five-Year Plan (1991-95) and the Ten-Year Economic Blueprint (1991-2000) to reflect Beijing's determination to go for an annual growth rate of 10 percent or more.

Mr Li, the mastermind behind the plan and blueprint, had until last month insisted that the economy grow by at most six percent.

Analysts said Mr Deng had already recommended that Mr Zhu become premier as well as member of the Politburo Standing Committee.

However, conservative elders including Mr Chen Yun have heatedly opposed the promotion of Mr Zhu, who was classified a "rightist" in the late 1950s.

### Future of Li Peng, MOFERT Viewed

HK1707101992 Hong Kong TANGTAL in Chinese  
No 16, 15 Jul 92 pp 10-11

[Article by He Po-shih (0149 0130 2457): "Qiao Shi Asks for Removal of Stalin's Portrait"]

[Text] After Deng Xiaoping's visit to the Capital Iron and Steel Company on 22 May, a "reporting fad" has surfaced in the CPC's top hierarchy, and with this "fad," it is Li Peng who was the fastest to switch his position and the most energetic in expounding his views. Not only did he turn from the passiveness and reluctance which he exhibited toward the "talks from the southern tour" in his government work report during the two conferences held this year, but he has simply turned into a microphone repeating every word pronounced by Deng Xiaoping. In particular, he has discarded the 6 percent growth rate, which Deng Xiaoping was most dissatisfied with, and has instead urged "qualified regions to speed up the pace if possible." As the principal person in charge of the economy, his failure to define "qualified" in effect allows any region in the country to accelerate the pace as it sees fit.

### Li Peng Fastest To Make a U-Turn

According to analysis by authoritative sources, Li Peng, unlike Hua Guofeng, will not be retired at the "14th CPC National Congress." There are three ways out for him: 1) Continue as premier; 2) Serve as chairman of the Chinese People's Political Consultative Conference; and, 3) Serve as president of the country. Naturally, he would prefer the first position. The second one was reportedly suggested to him by the team in charge of personnel appointments, but he rejected it and proposed the third possibility.

### Qiao Shi's Party School Report Was Not Made Public

The military's representation in the 14th CPC National Congress Political Bureau will certainly be expanded. Reports claim that Yang Baibing, Liu Huaqing, and Chi Haotian are all strong candidates.

A report that Qiao Shi made before the CPC Central Committee's top Party school in early June, which has yet to be made public, attracted much attention.

The major points outlined in Qiao Shi's report were as follows:

On Stalin, Qiao Shi said: In future, we should not hang the portraits of so many Marxist followers on the walls; for example, portraits of Stalin should not be hung anymore.

On the commodity economy, Qiao Shi said: "In socialism, it is necessary to have a commodity economy, so the word 'planned' should no longer be added. As to whether commodities exist under communism, the

answer is: Maybe yes, maybe no. But that is something very far away, so there should not be any more arguments."

On learning Marxism, Qiao Shi said: "I do not know how 'opposition to peaceful evolution' became the central task over the past few years. Who is responsible—I need not elaborate. To this day, Marxism-Leninism is already more than 140 years old and should be developed. Students need not read too much of the original works; instead, they should read more relevant reference materials." (reports claim that students who graduated in late June were allowed to buy five copies of *Historical Trends*).

On "leftist" and rightist tendencies, Qiao Shi said: For years, it was held that "leftist tendencies" constituted a question of understanding and rightist tendencies a question of stand. I think this makes some sense. It is unthinkable not to concretize opposition to "leftist tendencies." If we do not oppose "leftist tendencies," reform and opening up will be an empty phrase and will lead to the "loss of Party, country, and heads." (Original words used by Mao Zedong to oppose dogmatism in 1942.)

### Zhu Rongji Contemplates Dissolution of Ministry of Foreign Economic Relations and Trade

Major CPC policies on the economy were presented in late June, including the "decision to speed up the development of tertiary industry" and "rules on the conversion of operational mechanisms in industrial enterprises owned by the whole people." These are policies designed to guarantee the implementation of "Document No. 4."

Reports have said that Zhu Rongji, who is in charge of the economy and trade, is deliberating on a major policy related to the transformation of government functions, and it is very possible that he would act first on the "Ministry of Foreign Economic Relations and Trade [MOFERT]."

After Deng Xiaoping delivered his talks during his southern tour, MOFERT voluntarily delegated its authority. For example, it delegated its right of examination and approval on a huge volume of foreign trade to provinces and cities, lifted quota restrictions on trade with the former Soviet Union and Eastern Europe, and granted direct export rights to enterprises engaged in exports to the former Soviet Union and Eastern Europe. As enterprises change their operational mechanisms, it is necessary to grant all enterprises the right to determine product prices and to engage in export and import operations. It thus appears that all MOFERT's powers as a government body will soon disappear. Reports claimed that it is very likely that Zhu Rongji will dissolve MOFERT before the "14th CPC National Congress" and turn it into several individual companies or reduce it to a government office.

Zhu Rongji and Tian Jiyun are Deng Xiaoping's favored candidates for the premiership, but the promotion of either one of them will meet with strong resistance. Recently, Sun Yongren [1327 3057 0088], merely chief

of the theoretical department at RENMIN RIBAO, actually attacked Tian Jiyun openly: "What right has Tian Jiyun to oppose leftist tendencies? He is but a running dog and henchman of Zhao Ziyang!"

#### **Reformist Faction Investigates, Affixes Responsibility for Economic Rectification and Improvement**

Speaking on the serious problems afflicting large and medium-size enterprises in northeastern China, members of the reformist faction have called for an investigation into the persons responsible for the "economic rectification and improvement" in 1988. At that time, the objective of "economic rectification and improvement" was to readjust the "industrial structure." However, three years later, not only has a single problem not been resolved, but problems have actually multiplied. Some persons in charge of enterprises said: At the moment, only half of the 13 provisions in the "Law on Enterprises" can be implemented. While Deng Xiaoping's talks during his southern tour were inspiring to the people, persons in charge of some provinces in the mainland are concerned with the failure of farm product prices to go up. They have asked if the coastal provinces may promote "export-oriented agriculture" where vegetables, fruits, and grains are planted in the mainland solely for export so that food prices will rise and the initiative of the peasants will be mobilized. In effect, this was a proposal raised by Guangdong Province in 1988. It was rejected by Yao Yilin, however, who criticized: "It is you in Guangdong Province who caused the increase in grain prices around the country." He firmly refused to approve the proposal. Not only did Yao Yilin block the way for Guangdong, but he also did the same to Hunan, forcing the grains peasants of Hunan to open up a "Ho Chi Minh trail" and send two trucks of grains to Guangdong. They were fully prepared for the confiscation of one truck because even if one truck succeeded in arriving in Guangdong, they could still make a profit. Given that one statement from a decision-maker was enough to ruin a great opportunity for five years, should he not be made accountable?

#### **CYL Secretary Calls Deng Talks Program for Action**

OW1807194392 Beijing XINHUA Domestic Service  
in Chinese 1345 GMT 18 Jul 92

[Text] Beijing, 18 Jul (XINHUA)—The Standing Committee of the Communist Youth League [CYL] Central Committee held an enlarged meeting in Beijing today and called on CYL organizations at all levels to further emancipate the mind, update thinking, and lose no time in raising their work to a new height under the new situation of reform and opening up.

The meeting's attendees particularly studied and discussed ideas for strengthening and ensuring a good job of the CYL's work under the new situation. They also exchanged experiences of CYL organizations in enterprises in making and keeping abreast with reform.

In his speech, First Secretary Song Defu of the CYL Central Committee Secretariat stressed: Comrade Deng Xiaoping's important talks should be the program of action for the CYL to achieve breakthroughs. CYL members should thoroughly comprehend and grasp the main points of his important talks in order for them to emancipate their mind, seek truth from facts, and have a free hand in making bold experimentations.

Song Defu urged CYL cadres to assiduously study economics for playing a bigger role in economic construction. He believed that studying economics is a demand for supporting the party's central task as well as for strengthening the CYL's position.

Executive Secretary Zhang Baoshun of the CYL Central Committee Secretariat delivered a work report at the meeting.

#### **Documentary on Deng Guangdong Trip Released**

HK1907055392 Hong Kong WEN WEI PO  
in Chinese 19 Jul 92 p 2

[Report: "Video Documentary 'Comrade Deng Xiaoping in Guangdong' Released"]

[Text] Guangzhou, 18 Jul (WEN WEI PO)—A video documentary, "Comrade Deng Xiaoping in Guangdong," has been released in Guangdong today.

This one-hour video documentary, in two volumes, renders in as much detail as possible an account of Deng Xiaoping's tour of the south, including video, audio recording, written material, and pictures about Deng Xiaoping's activities in Guangdong.

An official in charge of the Guangdong Provincial Radio and Television Broadcasting Department said: Deng Xiaoping's inspection tour of Guangdong—which he made despite his advanced age of more than 80—and his crucial remarks on essential issues at a critical moment have greatly inspired the leadership at all levels and all the people throughout Guangdong Province, which is in the forefront of reform and opening up. Deng Xiaoping's Guangdong tour was an important historic event which marks a new stage of the reform and opening up in Guangdong and across the country. The official added that this is the very motive behind the department's release of this video documentary.

#### **Li Tieying Reviews Qinghua University Reform**

OW1707224992 Beijing Central Television Program  
One Network in Mandarin 1100 GMT 14 Jul 92

[From the "National News Hookup" program]

[Text] Li Tieying, state councillor and chairman of the State Education Commission, called on Qinghua University this afternoon to familiarize himself with views concerning the university's reform.

University president Zhang Xiaowen gave a briefing on the reform in teaching, research, and remuneration for teachers at the school, as well as a proposed plan for future reforms.

Affirming the university's plan for future futures, Li Tieying said: We should emancipate the mind and take bolder steps to accelerate the pace of reform. Unlike institutions and enterprises, schools of higher learning should explore their own way for making reform to improve higher education. [Video shows shots of Li Tieying seated and attending a discussion with about 50 people]

#### **Li Tieying Speaks on Higher Education Reform**

OW1807194492 Beijing XINHUA Domestic Service  
in Chinese 0944 GMT 18 Jul 92

[By RENMIN RIBAO reporter Fan Mingjing (2868 2494 4842) and XINHUA reporter Zhao Wei (6392 5898)]

[Text] Tianjin, 18 July (XINHUA)—Reform of the internal management system of institutes of higher learning is being comprehensively unfolded in 36 colleges and universities directly under the State Education Commission, while a few schools of higher learning, which started to experiment with reform earlier, are advancing reform in width and depth. Li Tieying, state councillor and concurrently minister in charge of the State Education Commission, remarked that experimentation with reform has provided useful experience and great ideas for the comprehensive reform of China's higher education system.

Li Tieying made the above remark in a speech at the third plenary enlarged meeting of the Advisory Committee for Universities and Colleges under the State Education Commission currently under way in Tianjin. He said: Along with progress in the reform of the national economic structure and science and technology management system, the entire educational front will inevitably be required and prompted to deepen the reform. China's higher education system is experiencing enormous and penetrating changes. Comrades engaged in higher education throughout the country should achieve unity in thinking based on Comrade Deng Xiaoping's important talks, the decision of the plenary session of the CPC Central Committee Political Bureau, and Comrade Jiang Zemin's recent speech at the central party school; they should get a clear understanding of the situation, emancipate their mind, update their thinking, and actively experiment with and boldly deepen the reform. From now on, the 36 colleges and universities under the commission should comprehensively carry out reform and play an exemplary role in developing and reforming higher education in China. In keeping with the demand of the socialist modernization drive for a better higher education, we must accelerate the pace of reform, improve the quality, and explore a new way for gearing higher education to the needs of economic construction.

Founded in 1989, the Advisory Committee for Colleges and Universities under the commission aims to facilitate schools of higher learning to take part in the macroscopic management of higher education and introduce mechanisms for making policy decisions in a scientific and democratic manner. The Advisory Committee's primary duty is to study and offer advice on issues related to management guidelines, reform, and development of colleges and universities. Party secretaries and presidents of the 36 colleges and universities under the commission attended the Advisory Committee's meeting on 16 July.

At the meeting, members of the committee fully aired their views, exchanging experiences of reform in their schools and holding in-depth discussions on thoughts for reform in the future. They pointed out: The reform of internal management system currently in full swing in the colleges and universities is meant to prepare for deepening the reform of China's higher education system in all fields. In accelerating the pace of reform and opening up at schools of higher learning, efforts should be made to further change the system and mechanisms. They said: To increase the autonomy and vitality of schools, it is necessary to effectively expand their management autonomy, gradually establish their status as a legal person, and clearly define their responsibilities, powers, and interests. They added: The reform of internal management system is the "cut-in point" of the comprehensive reform of higher education. Efforts should be continued to ensure success of the reform and, through the reform, to change the operational mechanism, readjust the structure, clarify relations between various departments, and improve remuneration of teachers, staff members, and workers of colleges and universities, thereby creating the conditions for reform in other areas. They agreed: Chinese colleges and universities are at a crucial period to scale a new height. We must not let this opportunity slip. We must step up the intensity of reform and strive to raise the quality of teaching and research so as to play an even greater role in China's modernization construction.

#### **Vice Minister Greets Students for Li Tieying**

OW1807062892 Beijing XINHUA Domestic Service  
in Chinese 1309 GMT 15 Jul 92

[By reporter Ge Lai (2706 0171)]

[Text] Beijing, 15 July (XINHUA)—The first national meeting to commend outstanding graduates of Tibetan classes in inland areas was held in Beijing today. The State Education Commission, the State Nationalities Affairs Commission, the party Central Committee's United Front Work Department, and the Tibet Autonomous Region jointly commended 39 graduates.

It is understood that approximately 10,000 Tibetan students are currently studying in 67 schools in 25 inland provinces, municipalities, and autonomous regions. A total of 955 students will graduate before this summer

vacation. Except for high school graduates who will continue their studies after sitting for and passing unified national college entrance examinations, graduates of polytechnic schools and secondary teachers schools will return to Tibet to apply their knowledge in helping build their hometown after successfully completing their studies in inland areas. According to statistics compiled by the State Education Commission, 2,838 Tibetan students who study in Tibetan classes in inland areas have joined the Communist Youth League, while 15 have joined the CPC.

To commend the advanced and encourage Tibetan class students in inland areas to study hard, the State Education Commission issued a circular in September of 1991 on launching activities aimed at commending outstanding graduates. In May of this year, the State Education Commission and other units decided to jointly organize such activities. They eventually named 39 students as the first group of outstanding Tibetan class students in inland areas after the latter were evaluated and selected by their schools and reviewed and approved by the education commissions of relevant provinces, municipalities, and autonomous regions.

At the request of Comrade Li Tieying, Liu Bin, vice minister in charge of the State Education Commission, extended warm congratulations to all Tibetan graduates on behalf of the State Education Commission, the State Nationalities Affairs Commission, the party Central Committee's United Front Work Department, and the Tibetan Autonomous Regional People's Government. He expressed the hope that the students would guard against arrogance and rashness, improve their academic records, enhance unity, and contribute their youth and wisdom to building a prosperous and strong Tibet, safeguarding the unity of the motherland, and improving interethnic relations. Speaking at the meeting on behalf of the autonomous regional party committee and people's government, Dazim, deputy secretary of the Tibet Autonomous Regional Party Committee, expressed his heartfelt thanks for the loving care shown by the party Central Committee and the State Council toward the Tibetan people; for the full support and concern shown by relevant central government ministries and commissions; and for the hard work done by educational departments at all levels and all faculty and administrative staff members in cultivating Tibetan students.

Jiang Minkuan, deputy director of the party Central Committee's United Front Work Department; Wu Jinghua, vice minister in charge of the State Nationalities Affairs Commission; and Tudao Doje and other responsible persons from relevant departments also spoke at the meeting.

#### **Educational Reform Aims at Economic Construction**

*HK1807075492 Beijing CHINA DAILY in English  
18 Jul 92 p 3*

[By staff reporter Zhang Lin: "Degrees Target of Reforms"]

[Text] China's education system will be reformed to meet the needs of its economic construction.

The focus of the reform will be on post graduate study by controlling the scale of these disciplines and improving the quality of degree-conferring work.

The State Education Commission will give priority to developing applied sciences and management courses because the country urgently needs trained personnel in these fields.

To increase the variety and range of advanced training, attention will also be paid to theoretical studies and social sciences.

The degree conferring system will be reviewed and the academic qualifications of degree-conferring institutions and departments checked.

And more responsibility will be given to younger scholars and researchers with academic excellence.

This will help solve the problem of aging tutors who face retirement.

China's Degree Conferring Committee already has chosen a much younger batch of appraisal members to carry out the task, it was revealed at a working conference held by the Degree Conferring Committee under the State Council, which ended this week.

More than 700 scholars and experts, most of them tutors of doctorate candidates, have been elected as appraisal members.

Their average age is 59, five years younger than the previous committee.

Statistics showed more than 248 universities and colleges, one-third of China's universities, have acquired the right to confer doctoral degrees.

The country has granted 1,000 colleges and universities the right to confer bachelor's degrees, 586 to confer master's degrees, and 248 to confer doctoral degrees.

#### **Daily Carries QIUSHI Table of Contents**

*HK2007022592 Beijing RENMIN RIBAO  
in Chinese 16 Jul 92 p 5*

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### Science & Technology

#### Guangdong To Build China's Largest Nuclear Plant

HK1707032392 Hong Kong WEN WEI PO  
in Chinese 17 Jul 92 p 2

[By staff trainee reporter Yao Jui-fen (1202 3843 5358): "Guangdong Government To Invest 60 Billion Yuan To Build China's Largest Nuclear Power Plant"]

[Text] Yangchun, 16 July (WEN WEI PO)—The Guangdong government will invest 60 billion yuan to build the country's largest nuclear power plant in Dongping, Yangchun County, with the total installed capacity exceeding 4 million kilowatts, double the capacity of the plant Daya Bay nuclear power.

While attending Yangchun County's first foreign economic and trade fair a few days ago, Zhang Mingbiao, vice mayor of Yangjiang, Guangdong, indicated that experts and the central government have all agreed to build a nuclear power plant in Dongping, which will be the largest in the province as well as the country. The official document of approval is expected to be transmitted to the province in October. The construction costs will be totally born by the Guangdong government, which will also take charge of its administration.

The nuclear power plant will begin construction in 1995, and will be completed and put into production by 2000, Zhang pointed out. The plant, with an estimated investment of 40-60 billion yuan, will be designed by the mainland itself and will be different from the design of the Daya Bay facility, whose equipment was ordered and manufactured in France. The Dongping plant will have five generating units, and each unit will have an installed capacity between 600,000-800,000 kilowatts.

Zhang stressed that, once the second nuclear power plant has been completed, the Zhu Jiang Delta would no longer need to buy electricity from Hong Kong, and the cheap electric power would be helpful to the region's economic development.

#### France To Supply Reactors

HK1807053692 Hong Kong SOUTH CHINA  
MORNING POST in English 18 Jul 92 p 1

[By Kent Chen]

[Text] Beijing has given the go-ahead for the country's fifth and largest nuclear power plant, which will be located 230 kilometres southwest of Hong Kong in Yangchun County, Guangdong.

The facility, which will become operational in the year 2000, will have a capacity of four million kilowatts, twice that of Guangdong's other nuclear plant at Daya Bay.

It is believed that having decided to locate the plant in the town of Dongping, the Guangdong and central governments have dropped an earlier plan to expand Daya Bay by building two more reactors.

The Daya Bay plant, 50 km northeast of Hong Kong, has caused concern in the territory over safety once it is operational in October next year.

Mr Zhang Mingbiao, the vice-mayor of the city of Yangjiang, which administers Yangchun, said funds for the 60 billion yuan (HK\$84.84 billion) plant would come from the Guangdong Government, which would also be responsible for its management.

While the equipment including reactors and five turbines will be ordered from France, the plant will be Chinese-designed.

Mr Zhang added that a formal approval from the central Government was expected by October. Construction would start in 1995 and the plant would be ready by the year 2000.

He emphasised that when it came into operation, the province would no longer need to buy electricity from Hong Kong as the plant would be capable of meeting the needs of the whole Pearl River Delta region.

Mr Zhang told the SOUTH CHINA MORNING POST that at least 360 Dongping residents would have to be relocated, adding that an assessment on how many people could be further affected was underway.

A spokeswoman of the China Light and Power, the Hong Kong partner of the Daya Bay plant, said the company was not involved in the latest project.

Mr An Qingming, executive director of the Guangdong Nuclear Power Joint Venture Company Limited said yesterday Guangdong had always wanted to improve its supply by relying on nuclear power.

Commenting on reports that a second plant might be built near Daya Bay, Mr An said experts had to look at various alternatives for the Government to take a decision.

He said his company, responsible for the construction of the original Daya Bay plant, had not been asked by the provincial government so far to expand its capacity.

### **Song Jian Addresses Soft Science Research Forum**

*OW1907101692 Beijing Central People's Radio Network in Mandarin 1030 GMT 16 Jul 92*

[From the "National Hookup," program]

[Text] A forum on strengthening soft science research under the new situation was held today in the auditorium of the Chinese People's Political Consultative Conference. Song Jian, state councillor and minister in charge of the State Science and Technology Commission, attended and addressed the meeting. He fully affirmed the work of soft science research in our country. He said: Since the Third Plenary Session of the CPC Central Committee [as heard], the burgeoning soft science research has played a fine role in enabling us to carry out policymaking in a democratic, scientific, and systematic way, in guiding social development, and in propelling society forward.

Song Jian said: Soft science research must be based on the natural sciences, and requires scientific guidance at all times. We should be good at carrying out research on the current contradictions in society, propose new ideas, and blaze new trails in order to play a larger role in social construction. Song Jian hoped that all personnel engaged in soft science research will go to the masses, set up a scientific consulting industry, and push the development of soft science enterprises forward with a new approach.

Scholars and specialists attending the meeting also held extensive discussions on how to quicken the pace of reform and opening to the outside world, accelerate economic development, as well as on matters relating to policymaking in economic construction.

It has been learned that there are more than 1,100 research organizations nationwide, and over 33,000 persons involved in soft science research activities. From 1988 to 1990, a total of over 7,300 major soft science research projects were completed, and research is being undertaken on over 2,600 projects.

### **Engineer Makes High-Silicon Zinc Breakthrough**

*OW1607110492 Beijing XINHUA in English 0922 GMT 16 Jul 92*

[Text] Kunming, July 16 (XINHUA)—A senior Chinese engineer has successfully developed super-fine active zinc oxide with high-silicon zinc, which is considered a breakthrough in the metallurgical and chemical fields.

Active zinc oxide or zinc white is used widely in the rubber, plastic, pharmaceuticals, paint, chemicals, food-stuffs, printing, paper-making and other industries, said Dai Yuanning, the senior engineer.

However, the traditional production method, which uses metallic zinc or zinc oxide as raw materials, results in low recovery yield, high concentration of impurities and high cost.

Moreover, neither conventional pyrometallurgical nor hydrometallurgical methods can be used with high-silicon zinc ore.

China's zinc deposits rank second in the world, and Yunnan Province, in southwestern China, has 25.6 percent of the national total. However, most of Yunnan's ore is high-silicon one.

Dai started experiments with direct use of high-silicon zinc ore four years ago.

"I have visited 48 zinc deposits, made hundreds of experiments and dozens of pilot productions," he said.

Dai has built a production line with an annual production capacity of 1,000 tons a year. The production line can also produce 1,500 tons of nitrogen-phosphorus-zinc fertilizer a year by using the side-products.

With the new technique, the recovery rate reaches 85 percent, doubling the previous rate.

The quality of the product exceeds the Baeyer standard of Germany.

### **'Remote Sensing' Used To Detect Medical Problems**

*OW1607133792 Beijing XINHUA in English 1302 GMT 16 Jul 92*

[Text] Beijing, July 16 (XINHUA)—While Western scientists use remote sensing devices to explore other planets, doctors in China have begun using them to detect abnormalities deep in the human body.

A pocket size sensor, called the "human body energy metabolism detector," is the brainchild of 40-year-old Zhao Shi, a scientist with the China National Nuclear Corporation.

The device detects tiny changes in the temperature of visceral organs which Zhao believes are an indication of pathological changes inside.

The principle is that when pathological changes occur in visceral organs, biothermal energy changes too.

What is novel about this device is that it can be used 10 inches away from the clothed body, unlike a conventional thermometer which must touch the skin.

The device, first exhibited at a 1990 fair of high-tech and export products derived from the defense industry, has been given patent rights from the China State Patent

Bureau, and applications are under way for patents in the United States, Germany and Japan.

So far the device has been used in 12 clinical and laboratory practices in Beijing and Suzhou. As an aid to diagnosis, the device has been very successful in detecting human ailments at their earliest stages, Zhao said.

To find easier access to remote sensing, micro-electronic and radiation survey technologies, Zhao came up six years ago with the idea of piecing these technologies together into a medical instrument for clinical and laboratory use.

Qigong, the art of deep breathing, and the Jingluo theory on which traditional Chinese medicine is based, helped inspire Zhao's studies.

It's expected that in the future clinics will use the device for preliminary diagnoses to locate the source of a patient's ailment.

Before that day comes, however, an adequate and accurate data bank must be established, a job Zhao and his colleagues are now working on.

## Military

### Soldiers Participate in International Activities

OW1907163892 Beijing XINHUA Domestic Service  
in Chinese 0325 GMT 19 Jul 92

[By reporter Xu Jingyue (1776 0079 6460)]

[Text] Beijing, 19 July (XINHUA)—Chinese soldiers have been playing an increasingly active role in the international arena since China opened its doors to the outside world.

The 1980's saw a new opportunity for Chinese soldiers to take great strides toward the world arena:

Chinese warships flying the Ba Yi [1 August] Army flags steamed out of the blue [water] gate of China, traveled all the way across the ocean, and reached the South Pole to leave an impression of the military prowess of the Chinese Army as well as the prestige of China on the other side of the great ocean.

Flying disaster relief missions abroad, Chinese military aircraft with the five-red-stars emblem added luster to the peaceful image of the People's Liberation Army [PLA].

Chinese military academy instructors gave briefings on for foreign armies, including those of the United States and Bangladesh, on our Army's achievements in carrying out reform and constructions.

Our Army took an active role in some important international arms cuts talks and expounded China's independent, peaceful foreign policy as well as the stand and views that China has taken on certain important international issues....

An increasing number of Chinese soldiers have gone abroad. The number of soldiers specializing in various fields that visited foreign countries in the 1980's was dozens of times more than that in the 1970's. What met the eyes of personages residing abroad was a mighty great wall of steel and strong shield of peace.

When Chinese warships steamed into Pearl Harbor, Hawaii, of the United States, for the first time, all the colors on the U.S. warships there were flown, blue-eyed sailors were lined up on the decks, and their officers saluted the Chinese warships. Americans said: The fact that Chinese warships steamed across the 180-degree meridian line (the international dateline) shows that China is capable of oceangoing navigation and is beginning to develop in the direction of "blue-water navy" (meaning deep water and the open sea). Local Chinese and countrymen residing there said the port call by Chinese warships won honor for the Chinese nation and enabled overseas Chinese to feel proud and elated.

The scientists and researchers of our Army began participating in the authoritative "annual meeting of the British London International Strategy Research Institute" in the middle of the 1980's. After the loud voices of Chinese soldiers were heard at the international military academic forum, a number of international military organizations invited our Army to join them of their own accord. So far, our Army has participated in more than 30 academic activities, including such organizations as the International Military History Committee and the Society on the Future of the Military in the World. The military academies of Pakistan, Thailand, Tunisia, Germany, and Turkey; the Rand Corporation and the Brookings Institute of the United States; the Peace and Security Research Institute and the Defense Research Institute of Japan; the Tito Research Center of Yugoslavia; the Military History Bureau of Germany; and other famous academic organizations have all proposed the establishment of academic contacts with our Army.

In the 1990's, the world again saw the PLA, which has all along been dedicated to promoting world peace, making new contributions to maintaining world peace.

Chinese soldiers began taking part in international chemical arms reduction verification ratio experiments in 1990. It showed the positive attitude taken by China toward the banning of chemical weapons.

Our Army has successively sent over 100 military observers to four UN peacekeeping organizations since 1990 and despatched a military engineering team comprising of 400 military engineers to join the UN peacekeeping troops in Cambodia in April 1992 at the request of the UN secretary general. The teams of UN observers stationed in Iraq and Kuwait awarded decorations to our

observers. It is the first time in the history of China and in the history of the United Nations that Chinese soldiers made their appearances on the stage of maintaining world peace.

#### **Opening Up Within PLA Helps Modernization Drive**

*OW1707224892 Beijing XINHUA Domestic Service  
in Chinese 1158 GMT 15 Jul 92*

[By XINHUA reporter Xu Jingyue (1776 0079 6460): "News Roundup: The People's Liberation Army (PLA)'s Opening to the Outside World Has Helped Modernize Troops"—XINHUA headline]

[Text] Beijing, 15 July (XINHUA)—In the new historical era, the PLA, in keeping with the excellent situation arising from China's reform and opening to the outside world, has implemented an independent and peaceful foreign policy in its foreign liaison work, thereby doing its share toward contributing to military modernization.

Leading comrades of the Central Military Commission have long pointed out: Since the opening up Chinese economic construction, the Army should no longer close itself off from the outside world. We should examine questions from a global perspective and be adept at learning foreign countries' strong points to supplement our shortcomings.

Since the Third Plenary Session of the 11th CPC Central Committee was convened, the PLA has constantly expanded its scope and has gradually increased its channels of foreign liaison work. So far, it has established ties with the armed forces of more than 100 countries on five continents. In order to enhance mutual understanding and friendship, it has launched various friendly exchanges with armed forces from many countries. The PLA has carried out extensive exchanges and maintained friendly relations, especially with the armed forces of neighboring and Third World countries.

For more than a decade the PLA has conducted exchanges and cooperation with foreign armed forces in the fields of education and training, weaponry and equipment, structure and organization, logistic support, and scientific research. Through visits, study tours, lectures, advanced studies, and participation in international seminars, the PLA's relevant departments have introduced our military experience, technology, and research results to foreign armed forces, thereby enabling them to better understand the Chinese Army and to draw on some useful experiences of China's military construction. Meanwhile, through exchanges, our Army has also learned from the strong points of quite a few foreign armed forces to supplement our deficiencies. Since the introduction of reform and opening up, the Army's logistics departments have successively invited several thousand foreign experts and scholars to give lectures, cooperate in research, and carry out technical training in China. The logistics departments have also introduced China's military information and experience to foreign armed forces and have imported a number of projects

using advanced technology. By cooperating with foreign armed forces or drawing on foreign research results, some of the Army's science and technology departments and military academies have achieved breakthroughs in research and production.

While conducting exchanges with foreign armed forces, the PLA has attached importance to assimilating military knowledge. In recent years, some Army departments have organized scientific, technical, and administrative personnel to visit foreign exhibitions held in China; while others have invited experts and scholars from abroad to attend discussion together with Chinese professional and technical personnel at science and technology seminars. As a result, the PLA has raised its professional and technical standards.

The PLA has also stepped up exchanges of research materials with foreign armed forces. Researchers of the history of World War II have cooperated and exchanged research materials with foreign counterparts. The science and technology information departments have annually invited foreign guests to China to engage in academic exchanges; have organized scientists and engineers to take part in various international academic and technical exchanges; and have established various ties with foreign research, information, and publications organizations; thereby increasing the accumulation of science and technology information and raising the military technology level.

Exchanges and contacts with foreign armed forces have also broadened the vista of China's military modernization. The National Defense University has already carried out academic exchanges with more than 60 countries. Foreign government and military leaders and prominent defense experts have lectured on the podium of this highest military school of learning in China, analyzing current international strategic situations and development trends, explaining their own national military strategies, or giving systematic discussions on army building in the modern era. The lectures, which are of broad representation and are authoritative to some extent, can help Chinese military men understand the entire global military structure and can be used as a kind of reference for the construction and reform of the Army.

Under the general climate of opening to the outside world, the Chinese Army has constantly reformed and perfected itself and worked unremittingly to improve its quality and build an army with Chinese characteristics.

#### **PLA Develops Dual-Capability Personnel Training**

*OW1907163592 Beijing XINHUA Domestic Service  
in Chinese 0629 GMT 17 Jul 92*

[By reporters Hu Nianqiu (5170 1628 4428) and Chen Yan (7115 8746)]

[Text] Beijing, 17 July (XINHUA) —The training of dual-capability personnel by the People's Liberation Army (PLA) has been further readjusted and improved.

A large number of demobilized personnel with dual-capability have, after their return to various localities, actively participated in national economic construction and plunged themselves into the great undertaking of reform and opening up to the outside world, thereby becoming a vital new force in our four modernizations.

Initiated by Comrade Deng Xiaoping, the training of dual-capability Army personnel began at the end of the 1970's. In recent years, guided by the principle that calls for "adherence to orientation, constant improvement of methods, and adjustment of contents" laid down by the Central Military Commission, various Army units have made further adjustments and improvements in training dual-capability personnel according to their actual bearing capacity and social needs, with emphasis on comprehensive development and long-term development; and they have achieved notable results in making the contents, scale, and forms of training more in line with realities and in further enhancing the quality of training. It has been learned that hundreds of thousands of Army soldiers annually participate in various types of dual-capability personnel training and obtain professional and technical certificates of various grades. They can fight when they take up their weapons and can help in construction when they take off their military uniform. Quite a large number of them have become the backbones of various trades and professions after being discharged from military service. Currently, nearly 3 million dual-capability ex-servicemen from the rural areas have served in local development, over 400,000 of them have become cadres at the grass-roots level in the rural areas, and over 500,000 of them have distinguished themselves in village and township enterprises. In addition, quite a number of them have become professional planters and breeders of aquatic products and technical experts on various fronts and in various professions. Over 200,000 soldiers have successively gained admission to military academies or institutes after going through after-work supplementary education.

The all-Army dual-capacity personnel training, which stresses military training coupled with general training that combines military and nonmilitary aspects, has changed the past method of personnel training. It adopts a method of training that deals with different situations in different ways, ensures the focal points, and is divided into various categories. It encourages soldiers to properly establish themselves in their own posts and seek to distinguish themselves in military camps. Squad leaders and key members who have won meritorious service awards or excelled in military training will be given priorities to pursue civilian knowledge and technical skills; soldiers with primary education background will be subjected to supplementary education after work before they proceed with further training. As for soldiers from cities and towns and key personnel who have entered themselves for examinations conducted by military academies or institutes, emphasis will be placed on science education. Some units that are blessed with more favorable conditions or better professional and technological foundations have brought their own advantages

into play and have additionally provided technical training of a higher order. In terms of contents, additional dosages of knowledge for civilian use has been given where appropriate, with equal emphasis on training mental attitude and technical skills.

The methods adopted by various units in organizing soldiers to study civilian knowledge and technology include integrating specialized courses and their respective tasks in their training, centralized training in rotation, training in post-transferring, correspondence courses, and military and nonmilitary dual-capability training. Many units have established technological training bases for civilian purposes with the help of teaching groups, professional training centers, farms and sideline production bases, and social service centers. Some regiments and battalions that are better equipped have also sponsored evening classes, established study groups, and launched activities to encourage reading for further personal advancement. Moreover, more than 4,000 dual-capability personnel training centers have been set up throughout the country. Some areas have included the work of helping troops train dual-capability personnel in their adult education programs or have brought it onto the track of vocational training.

#### **Reform, Training Yields Fewer, Better Troops**

HK2007030892 Hong Kong TA KUNG PAO in Chinese  
8 Jul 92 p 2

["Special Article" by Chia Yung (6328 3057) and Ma Hsiao-chun (7456 0879 2504): "China's Way for Fewer and Better Troops"]

[Text] When local wars in the world were still raging in the mid-1980's, an Asian political expert forecast with deep insight that another world war was not likely to occur in the next 20 years. In this manner, Chairman Deng Xiaoping of the Central Military Commission declared to the world, at that time, that the Chinese Army was to demobilize a million troops, thus opening the way for fewer and better troops for the Chinese military.

#### **Special Troops Now Account for 60 Percent of the Ground Forces**

When the term group army first surfaced in the press in the wake of the demobilization of a million troops, the Chinese man on the street found it a complete novelty. But seven years later, the family of the Chinese ground forces seems to have "expanded with new members," with an increasingly higher degree of integration. Some authoritative information shows that special troops—including the artillery, engineer corps, armored corps, signal troops, antichemical corps, electronic confrontation corps and strategic guided-missiles corps—now account for 60 percent of the ground forces.

The two leaps in upgrading a certain mechanized group army in the north epitomizes the ground forces' progress.

It all began with "the modernization of marching," which signified this group army's first leap, with motorization replacing "iron-clad feet." Within a few years, all sorts of armored vehicles and armed helicopters have added wings to this unit. In the very group army which the authors recently observed, because of the growth and strengthening of the new family of ground forces, the traditional pattern of infantry as the basic element no longer exists. Equipped with artillery, antiaircraft guns, aircraft, guided missiles, radar, tanks and armored vehicles, a unit is a modern combined force armed with three-dimensional fighting efficiency.

Combined exercises in various categories and joint exercises of ground, naval and air forces; defense against landings; and exercises in three-dimensional maritime supply and rescue have pushed the combination of various services and arms of the services to a still higher plane of development while continuously improving the fighting efficiency of the Chinese military in its entirety.

#### Change in the Image of the "Rustic Eighth Route Army"

In the wake of a heavy attack on the U.S. Army by a select unit of Volunteers at Sangkamryong [Shang Gan Ling 0006 3927 1545] in October 1952, a change in the unit designators of the Chinese troops made it seem that they had "disappeared from the scene." Westerners who love to conjecture found it strange. Thirty-three years later, when Division Commander Jing Xueqin [2529 1331 0530] led his troops in an outstanding parachuting performance for diplomatic envoys to China, a U.S. Embassy military attache in China suddenly realized that the select unit of paratroopers was none other than the U.S. troops' one-time fierce opponent on the battlefield. The U.S. military attache conversed with Jing Xueqin in English and learned that this division commander entered an advanced military institute after his college graduation. The change from ordinary ground forces to airborne corps made the upgrade in the qualities of China's young military commanders seem all the more important.

Making an exception, China Naval Equipment Demonstration Center sponsored a meeting for a soldier to read his academic report in August 1991. In the 18 months since he was recruited, this first-class private named Rong Jian [2837 0494] had written and published academic theses and reports in some 220,000 characters, and consequently became the author of the chapter "Overseas Naval Weaponry and Equipment" in the authoritative "World Military Year Book." He could tell at a glance all sorts of weaponry and equipment of the two sides in the Gulf war, including aircraft carriers, Stealth fighters, cruise missiles, tanks and armored vehicles; furthermore, he could explain the background and years of development and production, qualities, norms, types, quantities and range of service, and assembling, as well as their prospects in development.

Today, there are quite a number of cadres and soldiers like Jing Xueqin and Rong Jian in various units of the People's Liberation Army [PLA]. The past image of the "rustic Eighth Route Army" has already been changed by a new generation of soldiers today. Statistics show that college-educated officers account for 40 percent of officers throughout the army; all services and arms of the services have their own officers with master's or doctorate degrees; the number of scientists and technicians in the Navy, Air Force and 2d Artillery account for or exceed half of the personnel.

In the 10-year reform, PLA elementary, intermediate and advanced military academies and institutes have been shaped into a system which has trained some 600,000 qualified people in various categories. In 1991, military academies and institutes throughout the army published 700-odd treatises, and some 20,000 theses.

#### Select Troops Are Derived From Painstaking Efforts

The strong sun was blazing directly overhead, scorching the river bank of the Huang He in June. A group of blurred figures were seen moving on the endless bank devoid of foliage. Some 40 soldiers in training were engaged for six hours in shooting, charging, bayonet drills and hand-to-hand fighting without food and water. On the first day, two of them collapsed; on the second day, four collapsed; but a few days later, the 40 men grew darker and thinner, and nobody collapsed again.

In the face of such intense training, the only choice for the soldiers was "to endure it with dogged will."

Producing select troops through painstaking efforts remains the practice of the Chinese Army today. In fact, the reason why Major Zhu Siyou [2612 1835 0645] took the troops under his command into such an environment was to temper them in order to cultivate a style and will to fight bravely and indomitably under difficulties beyond one's imagination. This being the case, even in ordinary exercises such as jumping over hurdles, all possible barriers and dangers on the battlefield were included in their "simulation." There were low walls, trenches, difficult paths, steep walls, minefields, and barbed wire fences...it was like the hell of war, full of perils. When they arrived at the mountain pass of Mount Kunlun which stands 4,000-odd meters above sea level, where the oxygen in the air is only half of that on the plain, they were still able to score outstanding results with the eight categories of weaponry with which units under battalion level are equipped.

The best combination of willpower and advanced weaponry and equipment has turned out powerful combat effectiveness. In the 20 some years since the founding of China's strategic guided missile corps, it has achieved 100 percent accuracy in range practice. The Chinese naval fleet formation has conquered the Pacific and her submarine troops have joined the world's advanced ranks; and 63 percent of the air force tactical regiments have arrived at the "all-weather" operational level.

### Government Strengthens Reserve Defense Forces

OW1807155992 Beijing XINHUA Domestic Service  
in Chinese 0518 GMT 18 Jul 92

[By reporter Gai Yumin (5556 3768 3787)]

[Text] Beijing, 18 July (XINHUA)—To adapt itself to the new situation created by reform and opening up to the outside world, our Army has built a large reserve force that is rationally distributed, well organized, high in quality, and with a proper role to play.

Attaching great importance to the building of national defense reserve units under the new situation, the party Central Committee, the State Council, and the Central Military Commission have explicitly drawn up a guiding principle that calls for "subordination to the overall interest of economic construction and fulfillment of the needs of national defense building." They have called on all areas to "control the size, raise the quality, grasp the priorities, and build a good foundation for building a strong national defense reserve force" in building such a force that is "appropriate in number, high in quality, able to be mobilized quickly, and complete in operating mechanisms." In accordance with the important policy decision of the party Central Committee, various localities have readjusted and reformed work concerning the militia's reserve service and have actively explored new ways to improve this work. As a result, they have gradually established an operating mechanism that is suitable for political and economic structural reforms in urban and rural areas. Work concerning the militia's reserve service in urban areas has been put under enterprise management. A system of educating and training the militia has been established and improved in order to preserve the number of personnel and to ensure ample time for training and the quality of training. In the rural areas, militia work has been under the care of village-level organizations. The building of the militia in rural areas has been done in a coordinated way and under unified planning. This has ensured that the work of the people's militia has been put on a solid basis organizationally, politically, and militarily. In coastal and border defense areas, the authorities concerned have persisted in giving priority to militia building in the situation in which the Army is streamlining its structure and reducing its personnel. The militia units in these areas have been readjusted and strengthened; their political and military training has been strengthened; and their weapons and equipment have been improved. As a result, their ability to assist the regular Army has been notably strengthened.

At present, the basic units of China's militia are better trained; their quality has improved markedly. The basic units of China's militia consist not only of a large number of infantry units and some specialized technical units such as a number of artillery, signal, engineering, antichemical warfare, reconnaissance, and naval and air units. About 2,000 counties and cities throughout the country have established militia training bases, most of

which have good schools and training and living facilities and have established an initial standard for militia training. The militia's weapons and equipment have been constantly upgraded, and the management of the militia has improved considerably.

China's reserve units, as the crack reserve force of our Army, are beginning to take shape. The units are now trained and managed like a regular army. The organization of reserve divisions and regiments is relatively complete; their distribution is basically rational and the quality of their personnel is fairly good; construction of training bases and other basic facilities has been basically completed; and rules and regulations have been constantly improved. As a result, the building of reserve units is based on rules and regulations, and their education and training have been put on the right track.

The militia reserve units are playing an increasingly important role in protecting the motherland and in promoting China's four modernizations drive. They have consciously taken into consideration the overall interest of the country's economic development and have participated in the construction of key state projects and farmland and water conservancy projects, taking advantage of their large numbers, youthful strength, closely knit organization, and ability to serve as shock brigades. Moreover, they have undertaken perilous tasks of combating natural disasters and providing relief to victims of calamities, thus becoming an important force in economic construction. They have actively taken part in Army-police-civilian joint defense to safeguard public order and national unity and to create a stable and safe environment for reform, opening up to the outside world, and economic development. They have taken the lead in learning from Lei Feng and in fostering new habits, thus making outstanding contributions to the building of a socialist spiritual civilization. According to statistics, throughout the country, there are 170,000 civilian units created by the militia, more than 50,000 of which were named by leading departments at and above the county levels.

### Military Research Institutes Reforms Urged

HK1507015692 Beijing CHINA DAILY in English  
15 Jul 92 p 4

[From the "Opinion" page: "Military Research Institutes 'To Introduce Reform'"]

[Text] Reforms should be introduced into China's military research institutes to help them keep abreast of the times, according to an article in the Beijing-based newspaper SCIENCE AND TECHNOLOGY DAILY.

As the number of research projects for the military decreases in this peaceful period, these institutes are confronted with a shortage of funds, said the article, written by Wu Shanggui of the China North Industries Group.

Most of the military research institutes in the nation were established in the middle 1960's on the Soviet model. They were isolated from the outside world. Those institutes depended completely on the central government for operating funds matched to the government's plan.

They are now in a dilemma.

Wu said: "In a competitive economy, military institutes must introduce reforms in order to survive."

He suggested a "one-institute-two-systems" scheme for military institutes. That scheme would integrate the institutes into the current economic development. Research fellows of the military institutes would be divided into two groups, one for military research and the other for civil projects.

The scheme would help them make profits through civil research which could then be used to support their money-losing military research.

"Under such a system, the institutes should still concentrate their efforts on military research to ensure advanced science and technology in China's military," Wu said.

The regulations issued by the State Council on furthering reforms in the scientific and technological fields encourage co-operation between research institutes and enterprises by means of contracting, leasing, and merging.

Wu predicted a tendency to combine military research institutes and enterprises.

Research institutes would become independent economic entities which assume sole responsibility for their own profits and losses.

"That is a formula for the survival of the military research institutes," he said.

Large and medium-sized enterprises or enterprise groups would be encouraged to "swallow up" some institutes. The enterprises would take advantage of those institutes for technological development. On the other hand, the institutes could depend on the enterprises for funds.

He also recommended that Chinese military research institutes search for foreign partners.

That measure, it is believed, could help raise funds and push the research results of Chinese institutes onto the world market.

After the journey of Deng Xiaoping, the architect of Chinese reforms, to Shenzhen and Zhuhai in Guangdong Province earlier this year, many overseas Chinese in Southeast Asia and people from Taiwan wanted to establish technology firms on China's mainland.

To meet that need, the State Commission of Science and Technology compiled an introduction book presenting mainland institutes for foreign partnerships.

At the same time, the China North Industries Group has also recommended 13 military institutes for international co-operation.

In addition, some Chinese military research institutes have set up joint ventures with foreign companies, providing land, workshops, or labour.

"Chinese institutes can take advantage of foreign partners' sales channels to promote their research achievements on the world market," Wu said.

#### **Ancient Books on War Published in Modern Chinese**

HK1707033192 Beijing JIEFANGJUN BAO  
in Chinese 24 Jun 92 p 1

[By reporter Fei Hongzhi (6316 3163 2535): "'Vernacular Chinese Art of War' Comes Off the Press"]

[Text] More than 10 experts and academics, who have been studying the ancient art of war for a long time, have translated China's first volume of the *Vernacular Chinese Art of War* series, which recently came off the press. The Army used this book to popularize the traditional art of war and make useful explorations and trials and won favorable comments from the Central Military Commission leaders.

China's art of war is an important part of the Chinese nation's fine traditional culture. For thousands of years, its penetrating thought has attracted, influenced, and fostered generation after generation of strategists, statesmen, thinkers, and even the entrepreneurs of today. The general law governing wars, strategies to subdue enemies, and methods to contend with wit and courage, as well as the rich and colorful thinking of military dialectics, transcended boundaries long ago and became the common assets of mankind and invincible magic weapons for all sorts of social competition. These books on the art of war are mostly narrated in ancient Chinese, however, causing Army cadres and fighters many difficulties in their study and research. To facilitate the Army's universal theoretical study of the art of war and enhance its military theoretical level, experts and academics who have been studying the ancient art of war for a long time in the Academy of Military Sciences, National Defense University, JIEFANGJUN BAO, State Ancient Documents Research Center, Chengdu Military Region, and Sichuan University have selected 22 books from the vast accumulation concerning the art of war and translated them into modern Chinese for the first volume. They include: *Six Arts of War, Theory of Mastering Ingenious Military Moves* [wo qi jing 2259 1142 4842], *Sunzi's Art of War*, *Tai Bai Yin Jing* [1132 4101 7113 4842, written by Li Quan in the Tang Dynasty], *Court Academician He Qifei's Commentaries*, *Actual Accounts of Military Training* [from the Ming Dynasty], *Record of City Defense* [written by Chen Gui

and Tang Shu in the Southern Song Dynasty], *Miscellaneous Accounts* [written by Xu Dong in the Song Dynasty], *Theory of Military Formations, Tentative Talks on Voluntarily Joining the Military Service*, Ping Pi Bai Jin Fang [left radical 3055 right radical 1629, 3437 4101 6855 2455], and *Quotations From Zeng Guofan and Hu Linyu on Administering the Troops*. The contents of these books include troop administration, military operations, selection of military leaders, training troops, offensive and defensive tactics, deployment of troops in battle formation, combat, rear service, and so on, totaling nearly 800,000 characters.

Thanks to the concern and support of leaders of the Central Military Commission and general departments, the book was translated and edited by the ZHONGGUO JUNSHI YISHU [CHINA MILITARY ART] editorial committee as a state key subject in the Eighth Five-Year Plan. The chief editor is Major General Zheng Xianbin, and the publisher is Chengdu Publishing House.

#### Guizhou District Commander Confers Awards

HK1507141792 Guiyang Guizhou People's Radio  
Network in Mandarin 2300 GMT 4 Jul 92

[Excerpts] Yesterday afternoon, the provincial party committee, government, and military district jointly held a solemn summation and commendation rally at which a number of advanced provincial militia reserve force units, which had excelled in a recent military parade and military performance, were commended.

At the commendation rally, Zhang Yuqin, provincial vice governor, read out a circular jointly issued by the provincial party committee, government, and military district on commending advanced provincial militia reserve force units. [passage omitted]

Hu Kehui, provincial party committee standing committee member, Zhu Qi, provincial military district commander, Yu Zhonggui, provincial military district political commissar, as well as a number of other provincial party, government, and military leading comrades attended and conferred cups, silk banners, and awards on a total of five prefectures, autonomous prefectures, and cities, 11 counties and county-level cities, as well as 34 large and medium state-run enterprises.

#### Economic & Agricultural

##### Statistical Bureau Gives Economy 'Green Light'

OW2007090092 Beijing XINHUA in English  
0852 GMT 20 Jul 92

[Text] Beijing, July 20 (XINHUA)—China's economy is still in the green light zone and the macro control is in hand despite a sharp 10.6 percent growth rate in the gross domestic product [GDP] in the first half of this year, according to the State Statistical Bureau here today.

Inflation, which is a major concern, stood at five percent. The actual retail price increase recorded 2.5 percent in the past six months, deducting price readjustment factors last year.

According to the bureau, China's GDP jumped 10.6 percent to 950.1 billion yuan while the investment for fixed assets skyrocketed by 28.5 percent to 218.9 billion yuan in the first half of this year.

Zhang Zhongji, spokesman for the State Statistical Bureau, said at a press conference that judgement of an overheated economy should depend upon the relationship between aggregate supply and demand.

As to this relationship, he said, the total supply exceeded the total demand by five percent in the first six months of this year. It is still within control though it was lower than 8.3 percent in last year's same period.

He said that the supply of most consumer products in the domestic market is larger than the demand and there is a large number of stocked goods such as grain, sugar, textiles, meat, poultry, eggs, household electrical appliances and other durable goods.

In addition, he said, the current economic development occurred in the wake of successive agricultural harvests. There are large reserves of grain, cotton and oil-bearing crops as well as other farm products. China's economy encounters no bottleneck restriction factor except for railway transport.

The spokesman said that macro control is working well since the government is actively introducing economic levers such as interest rates, exchange rates, tax rates, prices and credit to regulate the economic performance.

##### Slowdown on Credits, Loans Needed

OW2007125192 Beijing XINHUA in English  
1216 GMT 20 Jul 92

[Text] Beijing, July 20 (XINHUA)—China's Central Monitoring Center has signaled the need for a slow down on credit and loans to avoid a tendency toward an overheated economy.

Zhang Zhongji, spokesman for the State Statistical Bureau, said today that the central government should do its best to keep the total of loans and notes in circulation at a rational ceiling.

He told a news conference that lending proposed for the first half of the year had doubled from 60 billion yuan to 120 billion yuan.

Total investment for fixed assets jumped 28.5 percent to 218.9 billion yuan in the past six months. This growth rate is a bit high, according to Zhang.

The issuing of 19 billion yuan in loans to overcome debt default, plus 6 billion yuan advanced to increase cotton and grain reserves and for other purposes, has caused the rapid growth in bank lending.

Zhang said that the central government has issued a circular to control the situation. This will put a stop on lending to those enterprises which have poor economic results and no markets.

However, he said, banks will continue to offer loans to those companies which have better economic results and favorable markets.

The Statistical Bureau stressed in its report that special attention should be paid to control over issuing money and the expansion of withdrawals.

The bureau believes that the state should quicken the pace of working out investment law and other related regulations to enforce investment responsibility.

It also suggests that the state gradually relax prices and give a greater role to market forces in economic performance.

#### **State To Keep Tight Rein on Money Supply**

HK1707100192 Beijing CHINA DAILY in English  
17 Jul 92 p 2

[By staff reporter Ren Kan: "State Keeps Rein on Money Supply"]

[Text] China will continue to keep a tight rein on monetary supply to curb inflation and sustain stable economic growth.

That message came from Guo Zhenqian, Vice-President of the People's Bank of China, the country's central bank, at a five-day banking conference which opened yesterday in Beijing.

Guo said the central bank has set lending quotas to all the banks to control money supply under the government plan for the first three quarters of this year.

He warned that no bank would be allowed to exceed its quota, though he declined to disclose the exact figures.

Under China's present banking system, the planned lending quota has become the primary means by which the central bank controls money supply to offset inflationary pressure, which shows no sign of easing.

Chinese banks had increased credit and money supplies "by a large margin" in the first half of this year to run parallel with economic growth, which was showing a 10 percent increase in the GNP by the end of June.

However, living costs in the country's 35 large and medium-sized cities also increased by 10.5 percent in the first half of this year.

The added loans in the January-July period were used mainly to support agriculture, large and medium sized enterprises, rural enterprises, the purchase and production of products for export and the clearance of debt defaults among enterprises.

For instance, the loans to agriculture and rural enterprises increased by 4.59 billion yuan (\$834.5 million) over the same period of last year.

Guo said those sectors will still have top priority in the bank's lending strategy for the rest of this year.

Meanwhile, Guo said, the banks will also fully support the economic development of the Yangtze River and Pearl River deltas and the newly-opened areas along the Yangtze River and the country's borders.

While promising to support the country's key construction projects, he asked banks to "properly" expand loans to the service industry, which the government has decided to give top priority for development in the coming years.

The money will mainly be used to develop industries which need less investment but can bring profits quickly and have direct effects on people's lives.

Guo also asked banks to better their savings services to increase the removal of money from circulation.

Although rural and urban banks' personal savings increased by 14.6 percent from the end of last year to June, Guo said, the rate of increase is lower than for the same period last year.

The slower growth in deposits was attributed to the concept that many people have kept their money in cash, waiting to purchase bonds, as individual business pursuits have become more active.

#### **Bank of China To Issue Bonds in Foreign Currency**

OW2007095192 Beijing XINHUA in English  
0917 GMT 20 Jul 92

[Text] Beijing, July 20 (XINHUA)—To accelerate the pace of raising more hard currency to finance the fast-growing economic construction, the Bank of China (BOC) plans to issue bonds in foreign currency in the near future, according to a senior Chinese banker. Wang Deyan, president of the Bank of China which is the country's leading foreign currency dealer, told a national meeting attended by BOC's branch leaders across the country here today that BOC is exploring the possibility of issuing such bonds and has done a lot of preparatory work.

If everything goes smoothly, the bonds will be issued on China's mainland some time in the second half of this year, according to another BOC official.

This is the first time China issued such kind of bonds nationwide. The hard currency will be limited to U.S. dollars and Hong Kong dollars, the BOC official said.

Meanwhile, BOC will help economically efficient enterprises to issue bonds in Chinese currency renminbi or bonds in foreign currency to expand their production. An organization of appraisal will be first set up to ensure the quality of the enterprises.

BOC expects to enlarge business scopes by offering new services including trading of hard currency bonds and stocks for the clients.

At today's meeting, President Wang unveiled a series of measures his bank is to undertake to gear up to the country's further opening up and economic development.

To help the growing number of enterprises and companies directly involved in trade exchanges with the Commonwealth of the Independent States (CIS), BOC is considering setting up branch banks in countries within CIS, in addition to providing these firms with loans needed and timely international settlements, according to Wang.

Wang also pledged adequate loans to support the state key construction projects in infrastructure and the state-run large and medium-size enterprises. Syndicate loans will be organized both at home and abroad to meet the capital needs of these enterprises.

BOC will also provide more loans to Sino-foreign joint ventures with good economic turnover, Wang said.

Wang disclosed that boc enjoyed a brisk business in the first half of this year. Between January and June, BOC's foreign currency deposits increased by over \$610 million, bringing the total amount to 19.758 billion U.S. dollars. During that period, hard currency loans made by boc to domestic firms totalled 29.287 billion U.S. dollars, an increase of 1.3 billion.

#### Securities Exchanges Absorb Xiamen Company

OW1807142392 Beijing XINHUA in English  
1417 GMT 18 Jul 92

[Text] Xiamen, July 18 (XINHUA)—The Xiamen Securities Company in east China's Fujian Province has become a new member of the Shanghai and Shenzhen Securities Exchanges with the approval of the Shanghai and Shenzhen branches of the People's Bank of China.

It is learned that the company will set up business departments in Shanghai and Shenzhen, and set up a computer network system linking itself with the Shanghai and Shenzhen Securities Exchanges in order to create conditions for investors in the Xiamen Special Economic Zone (SEZ) to deal with those exchanges.

The company is also expected to create a good market environment for experiments in the share-holding system in the SEZ.

#### Analysts See 'Great Potential' for Faster Growth

OW1707110092 Beijing XINHUA in English  
1044 GMT 17 Jul 92

[Text] Beijing, July 17 (XINHUA)—Economic analysts here say that China has great potential to support faster economic growth.

They say China's GNP can grow at an annual rate of nine percent for the whole of the 1990s if the accumulation rates (investment for fixed assets plus circulating property) are raised to 35-36 percent.

According to their analyses, the annual GNP growth rate can even reach 10 percent, provided foreign investment generates 15 percent of the GNP rising from the present six percent, accumulation rates reaches 37 percent and output value increases by one or two percentage points each year.

Their different counting methods all show that China's economy can grow at a higher rate and the annual GNP growth rate can be around 8-10 percent.

They point out though the reform and opening policy in the past dozen years has greatly tapped the country's potential for economic expansion, China has yet great potential for faster growth.

A vast domestic market, the readjustment of industrial structure, and the development of the service industry plus the huge productivity that has accumulated but remained untapped under the traditional economic system—all these can support faster growth if brought into full play.

However, they point out the shortage of energy and raw materials and a weak demand for markets will challenge the faster growth rate.

According to Li Jianli, an economist from the State Planning Commission, for a considerable period in the future, about 80 percent of the raw materials and 90 percent of the energy will come from mineral resources. But many of the known 148 kinds of minerals have not been fully developed, and China has only used 10 percent of its water resources.

Owing to backward technology and the traditional economic mechanism, the market has not become the major force to push the industrial production.

Economist Lu Zheng from the Academy of Social Sciences, however, argued that the operation mechanism has undergone a significant change and over 80 percent of industrial production is now regulated by the market. Therefore, he predicted, for the next two or three years, China's industrial production will possibly maintain a growth rate of 12 to 15 percent.

The economists say that to grant more autonomy to enterprises and reduce the government role of direct interference in their daily operation are the preconditions for the country to achieve a faster growth. The right to make investment, raise funds and do foreign trade should be given to those enterprises with conditions to do so.

They also suggest the state expand investment in fixed assets by raising funds through a variety of channels, quicken adjustment of industrial structure, and raise the proportion of the service industry in GNP to 35 percent

from the present 27 percent. They say that automobile and micro-electronics industries should be made as leaders of the whole industry.

#### **Central Planning End for GATT Membership Urged**

*HK1807052992 Hong Kong SOUTH CHINA MORNING POST in English 18 Jul 92 p 8*

[By Kent Chen]

[Text] A prominent economist has called for the scrapping of central planning to allow China to become a member of the General Agreement on Tariffs and Trade (GATT).

Mr Tong Dalin, vice-president of the Society for Research on Restructuring the Economic System, said a planned economy and a market economy were two different models which could not be integrated.

"A major conflict in the current reform and open door drive is the discord and clash between the planned economy and the market economy," Mr Tong said.

"When we talk about the market economy or commodity economy it is not necessary to qualify (the concepts) by adding the word 'planned,'" he said.

The liberal economist said China should speed up the pace of transforming its economic system from central planning to a "modern market economy" in order to get GATT membership as soon as possible.

He admitted that certain areas of China's economic and trade system were incompatible with the requirements of GATT, in particular the economic model based on the theory of the "synthesis between planning and market regulations".

"To be qualified as a GATT member, China should observe the common practice of GATT by introducing written and unified trade regulations and by adopting a market economy to ensure free competition," he said.

Mr Tong said the first step to shift to market economy was to carry out comprehensive reform in enterprises to give them full autonomy to compete in the market.

#### **State Firms To Try Registered Accountants System**

*HK1707010492 Hong Kong ZHONGGUO TONGXUN SHE in English 1125 GMT 16 Jul 92*

[Text] Beijing, July 16 (HKCNA)—China plans to adopt an audit system on a trial basis for state-owned enterprises over this and next year, involving auditing by registered accountants which will go into full implementation in three to five years time, forming an effective monitoring system.

About 300,000 registered accountants are needed for this change, but a mere 7,000 are presently registered in the Mainland. It is expected that accounting firms with registered accountants will mushroom in the future.

Accounting is a commercial language of the international community and registered accountants are known as "economic police". Since the registered accountants system was resumed in 1980, some 910 accounting firms with 7,000 registered accountants have been set up. Three type foreign-funded enterprises in the Mainland have adopted auditing practice by registered accountants while many state-owned enterprises remain subject only to financial inspection by the government.

China plans to carefully adopt the use of accounting to restructure its business system, moving step by step towards the system of international accounting and being an important step in changing the functions of government.

#### **Reform Experiments Planned for Railway Operations**

*OW1807100692 Beijing XINHUA Domestic Service in Chinese 1326 GMT 15 Jul 92*

[By reporter Wang Yanrong (3769 1693 2837)]

[Text] Beijing, 15 Jul (XINHUA)—This reporter learned from today's meeting of railway leading cadres that China will soon launch a series of reform experiments within its railway system to break through restrictions on "rails."

Because of the highly-centralized system of planned management and the integration of government and enterprise functions, which has been in place for a long time, China's railway transportation is characterized by "high centralization, large linkage, and semi-militarization." Since reform and opening up policies were adopted, the railway sector has taken a giant step in successively introducing a contracting system into its business, shifting the focus of its economic administration from production to management, taking transportation as the focus of its operational structure, diversifying its business, and launching freight reform. In light of the new national situation of furthering reform and opening wider to the outside world, the Ministry of Railways has worked out a new reform plan of "changing the operating mechanism, separating the functions of government and enterprises, boosting transportation to a new level, and diversifying business for greater development." Minister of Railways Li Senmao noted: To shift the railway systems, the ministry will heighten opening up and make greater efforts to invigorate the two large sectors of capital construction and industry, push enterprises toward the market, and gradually carry out the mechanism of having railway-related enterprises manage their own affairs, be responsible for their own profits and losses, and develop and restrain themselves. In addition to the high centralization in both organization and direction, the transportation sector should also open up and revitalize itself in management to meet the needs of a market economy, as well as take various administrative and economic means and take economic leverage as guidance to increase the directing efficiency of administrative means.

It has been learned that the Ministry of Railways is preparing to launch the following reform experiments:

—The reform experiment of establishing the Guangzhou Railway Group. The ministry will organize and establish the Guangzhou Railway Group with the Guangzhou Railway Bureau as the central enterprise. The group will contract investment and output, organize transportation under its jurisdiction, be responsible for its own profits and losses, raise funds and build railways by itself, all with the understanding that the running and scheduling of trains will follow and be made according to a unified map and plan and that the transportation of key materials and goods will be ensured. The group will seek ways and means to collect funds through various channels to build railways, along with ways to separate the functions of government and enterprises and to separate the ownership and management rights of enterprises in accordance with this framework.

—The experiment of accounting profits and losses in terms of average unit price. In view of the fact that railway bureaus' current system of clearing unit price [qing suan dan jia 3237 4615 0830 0116] or their method of distributing revenues on a cash basis have, to a certain degree, eased the problem of losses caused by irrational freight transport, individual railway bureaus will be selected as pilot units to implement the system of responsibility for fixed profits and losses, retain the extra revenue earned from reducing losses [kui sun quan liu 5719 2275 0356 3966], conduct centralized account-clearing on direct transport, and retain revenues from trains under their jurisdiction.

—Organizing and establishing pilot joint railroad ventures. Joint railroad ventures will be established to manage and build new railways with foreign investments. These joint ventures will be responsible for their own profits and losses, as well as share risk. Experiments also will be conducted with the shareholding system to raise funds for railway construction, conglomerates, business diversification, and others.

The ministry will continue to accelerate the opening up of railways, vigorously expand the joint operation of the Guangzhou-Jiulong [Kowloon] railway, and develop the international joint operation of railways with the CIS, East European countries, Vietnam, and other nations. The ministry also will widen the channels and scope of the utilization of foreign funds; probe the possibility of absorbing foreign funds, after obtaining international loans; vigorously develop railway-related external labor cooperation, project contracting, economic relations, and trade and tourism; and promote external trade by taking the advantage of railway posts.

### Foreigners May Invest in Gold Production Industry

HK1807065692 Beijing CHINA DAILY in English  
18 Jul 92 p 2

[By staff reporters Lao Zhang and Da Kan: "Foreigners May Invest in Gold"]

[Text] China's heavily protected gold industry is planning a package of reform measures to beef up production.

Under these measures, foreigners may be allowed to invest in the industry and co-operate with Chinese counterparts in gold exploration and mining. Cui Dewen, vice-director of the State Gold Administration said yesterday in Beijing.

Another measure is to push the industry toward the market economy.

But this depends on the State's final decision whether to loosen its tight control of the industry.

Gold production has remained a top economic secret in China for more than four decades.

To suit new domestic and international conditions, Cui said, releasing the gold industry from traditionally tight control is crucial because only by doing so can direct foreign investment be made possible.

The administration has submitted an official report to relevant authorities for such a demand, which has aroused attention from the departments concerned, Cui revealed.

But foreign investment may be limited to either those mines with low content of gold or demanding technology China does not have at the present.

In the meantime, Cui said, the transformation of China's economy from highly centralized to market-regulated has brought the gold industry, which relies on State investment, some problems.

The industry must sell its gold to the State at fixed prices, which is only about half of the market price, but it has to purchase raw materials, fuel and electricity mostly at higher market prices.

The difference has made many gold producers suffer from high production costs but low profits, which dampens their enthusiasm for higher output.

Solving the problem is essential to stimulate the country's gold production, Cui said.

In the January-June period, the industry produced 15.8 percent more gold over the same period last year.

During that period, the State invested 256.2 million yuan (\$46.5 million) in the industry's capital construction, which has further improved production ability, Cui said.

**Insurance Industry Shows 'Strong Growth'**

HK1707100492 Beijing CHINA DAILY in English  
17 Jul 92 p 2

[By staff reporter Huang Xiang: "Insurance Growth Breaking Old Mark"]

[Text] China's insurance industry is expected to rake in a record 30 billion yuan (\$5.48 billion) in total revenue in 1992, following a strong growth period from January through June.

Projected premium income would amount to a 27.3 percent increase over 1991, according to Li Yumin, President of the People's Insurance Company of China (PICC).

Li said the insurance sector will surely rise in line with the general recovery of the national economy, which is gaining momentum.

And further improvements in management will also help support growth in his business, Li said.

According to a PICC report on its half-year performance, the company reaped 17.23 billion yuan (\$3.14 billion) in total revenue by the end of June, 47.2 percent more than in 1991. The premium income also represents 66.8 percent of the government target for the year.

Of the total premium, domestic property insurance policies amounted to 9.2 billion yuan (\$1.68 billion), domestic life insurance policies 6.43 billion yuan (\$1.17 billion) and foreign-related premiums \$295 million.

Meanwhile the company paid out a total 5.91 billion yuan (about \$1.07 billion) in claims at home and abroad during the January-June period, an increase of 55.1 percent over 1991.

**Circular Views Crackdown on Fake Goods**

OW1707044392 Beijing XINHUA Domestic Service  
in Chinese 0935 GMT 15 Jul 92

["The State Council Decides To Severely Strike at Illegal Production and Distribution of Imitation and Inferior Quality Commodities Nationwide"—XINHUA headline]

[Text] Beijing, 15 Jul (XINHUA)—The State Council recently issued a circular calling for severe crackdowns on the illegal production and distribution of imitation and inferior quality commodities throughout the country.

The circular points out: All localities and departments have strengthened their investigation of illegal production and distribution of imitation and inferior quality commodities and have achieved definite success since 1989. However, production and distribution of imitation and inferior quality commodities has not been fundamentally stopped despite numerous measures to ban such activities. Some units and individuals continue to produce and sell imitation and inferior quality goods for huge profit through various illegal means, with no regard for state laws

and regulations. Surprisingly, individual localities have become distribution centers for imitation and inferior quality commodities. The use of these imitation and inferior quality commodities has repeatedly caused damaging accidents, resulting in great loss for the national economy as well as for lives and property. It has not only seriously disrupted the general order of the commodity economy, but also harmed the immediate interests of the masses. Moreover, it endangers the smooth process of deepened reform and opening up to the outside world, and has become a prominent problem in our economics that needs to be solved urgently.

The circular has determined the key points of striking at illegal production and distribution of imitation and inferior quality commodities. First, the following are illegal activities of producing and distributing imitation and inferior quality commodities: producing or distributing imitation commodities bearing the registered trademarks of others; producing and distributing without authorization marks identical to the registered trademarks of others; producing and distributing commodities with fabricated places of production and with imitation enterprise names or codes; forging or using marks of excellent quality, certified products, and permits; producing or distributing commodities that endanger personal safety and health in violation of relevant state stipulations; and producing or distributing inferior quality agricultural production material and commodities such as pesticides, seeds, chemical fertilizers, and stock feeds. Second, distributing imitation and inferior quality commodities by giving "rebates" and "bribes" or accepting such payments for purchasing imitation and inferior quality commodities. Third, state personnel who support, shield, and connive with the production or distribution of imitation and inferior quality commodities.

The circular points out: Relevant ministries and departments shall, in line with their respective duties and in accordance with relevant state laws and regulations as well as the stipulations of this circular, impose fines on units and individuals who violate the criminal laws by producing or distributing imitation and inferior quality commodities, and confiscate such commodities uncovered from them. The following specific measures shall be taken:

1. Industrial and commercial administration departments shall revoke the operations permits of enterprises or individual industrial and commercial households who seriously violated the laws by producing or distributing imitation and inferior quality commodities despite repeated directives.

2. Responsible persons of units and those directly responsible for producing and distributing imitation and inferior quality commodities shall be fined according to the seriousness of each case, and disciplinary sanctions shall be taken against their crimes in accordance with the laws.

3. Units and individuals who support, shield, and connive with the production or distribution of imitation and inferior quality commodities by offering production and distribution centers as well as materials and funds, shall be regarded as having committed the act of producing and distributing such goods, and shall be dealt with accordingly.

4. Purchasing units or personnel who plan to purchase imitation and inferior quality commodities shall be regarded as having committed the act of producing and distributing such goods, and shall be dealt with accordingly. Those who make use of "rebates" and "bribes" or those who accept such payments for distributing imitation and inferior quality commodities shall be regarded as having committed the act of bribery. All their "rebates" and "bribes" shall be confiscated. They shall be held responsible for their crimes and fined, and disciplinary sanctions shall be taken against them in accordance with the laws.

5. Local governments shall adopt decisive measures to shake up localities with widespread production and distribution of imitation and inferior quality commodities. Governments at a higher level shall hold local governments responsible for failing to investigate and solve the long-standing problem. Supervision departments shall take immediate action to verify causes that interfere with and hamper the investigation. Serious cases shall be submitted to judicial departments for handling in accordance with the laws.

6. People's governments at all levels shall encourage and protect those who provide information to uncover units and individuals who produce or distribute imitation and inferior quality commodities. Those who provide accurate information shall be commended and rewarded, and those who strike at and take revenge on informants shall be heavily punished.

7. Relevant ministries and departments of industrial and commercial administration, technology supervision, public security, supervision, and banks shall work in close coordination with one another in investigation, appraisal, freezing of bank accounts, imposition of fines, and revocation of operations permits.

8. Imitation and inferior quality commodities and commodities of poor quality in general should be differentiated. We should be diligent in determining imitation and inferior quality commodities so as to prevent indiscriminate accusations. We shall investigate cases in accordance with the laws, gather clear facts, conclusive evidence, make correct adjudication, and mete out appropriate punishment.

9. Clemency shall be given to unit or individual producers and distributors of imitation and inferior quality commodities as well as their supporters, shielders, and connivers should they voluntarily submit themselves frankly and discontinue such illegal activities. Severe punishment shall be handed down on those who refuse to

straighten themselves out and instead continue to produce and distribute imitation and inferior quality commodities illegally.

The circular asks that the State Council's Economic and Trade Office take the lead in cracking down on imitation and inferior quality commodities. It shall secure the participation of principal ministries and departments of industrial and commercial administration, technology supervision, health, supervision, public security, taxation, commodity pricing, finance, and banks, as well as production and circulation, for carrying out the task. Under a unified leadership centered around industrial and commercial administration and technology supervisory departments, these ministries and departments shall carry out their individual duties and responsibilities in a coordinated manner in order to do a good job in this respect. Relevant departments in all localities shall, under the leadership of their people's governments, draw up corresponding methods aimed at tackling local problems and adopt realistic measures to severely crack down on the illegal activities. Governments at all levels shall provide necessary manpower, financial, and material support to law enforcement departments.

#### Statistics on Economy During 1980's Published

OW1807014092 Beijing XINHUA Domestic Service  
in Chinese 0937 GMT 14 July 92

[Text] Beijing, 14 Jul (XINHUA)—The State Statistics Publishing House recently published a book entitled *China's Economy During the 1980's—A State Statistical Bureau Report* [ba shi nian dai de zhong guo jing ji lai zi guo jia tong ji ju de bao gao 0360 0577 1628 0108 4104 0022 0948 4842 3444 0171 5261 0948 1367 4827 6060 1444 4104 1032 0707]. Relevant economists have characterized the book, which was compiled by the State Statistical Bureau, as a very useful aid for gaining a comprehensive and systematic understanding of our country's historic process of reform, opening up, and economic construction during the 1980's and for exploring socialism with Chinese characteristics.

Using detailed and accurate statistics and drawing upon authentic and objective historical facts, the book gives a year-by-year, accurate account of the process of transformation resulting from reform, openness, and economic development during that period. It also factually relates the difficulties and problems that arose during the same period, and provides an in-depth analysis of the causes of the problems. The book contains yearly, semestral, and some quarterly statistical synopses compiled by the State Statistical Bureau during the 1980's. Most of those synopses are first-time releases.

#### Ni Zhifu Stresses Importance of Workers in Reform

HK1707081992 Beijing CHINA DAILY in English  
17 Jul 92 p 3

[By staff reporter Wang Rong: "Workers' Key Role in Reforms Re-Stressed"]

[Text] The leader of China's affiliated trade unions emphasized once more yesterday that workers should be recognized as a key force in the current drive to accelerate economic reform, instead of being allowed to fall victim to it.

The unfolding reforms in State-owned enterprises should be aimed at the maladies of the systems, not the labour force, said Ni Zhifu, Chairman of the All-China Federation of Trade Unions (ACFTU).

Addressing a three-day conference of the ACFTU leading group opened on Wednesday, Ni said workers are "active participants in reform, motive forces of reform not on-lookers or objects of reform."

Trade unions should support and participate in the imperative transformation of labour, employment and distribution systems to represent workers' legal rights and interests, he said.

He noted that a common experience of the enterprises that have proved successful in reform is "wholeheartedly relying on workers" and letting them have a say in changing the management and operating systems.

Trade union cadres should be instrumental in tapping, guiding and protecting the initiatives and enthusiasm of workers in the market economy-oriented reform drive.

"Reforms of the mechanisms of enterprises have two goals: Achieving independent operation and management, and maintaining workers' ownership of enterprises," Ni emphasized.

He said the nature of the present reform is to transform the over-centralized planned economy into a "socialist market economy," which Deng Xiaoping predicted is to take at least 30 years.

The point trade union cadres should stick to is "to tap workers' initiatives," he said.

Restructuring of operating systems within enterprises is aimed at solving such problems as waste in the labour force and the "iron rice bowl" syndrome that derived from the old system, he said, and that will inevitably lead to some employees being laid off.

But the laid-off workers still are "precious human resources," he said. It's up to the trade unions to assist the government and enterprise management in relocating these people.

The aged ones, for instance, could be contributive in inventing new products and training new workers; and the laid-off women workers could be organized to run service businesses, he said.

The service industry is a place where trade unions can give a hand to enterprise management to slough off the burden of backward service, he noted.

A report on the effect of the reform, which is touching the essence of the economic system, was circulated at the meeting for discussion.

The report was based on two rounds of surveys ACFTU conducted in 10 major cities where enterprise reforms were first introduced.

The results of the surveys were not released to the media.

#### Daily on 'Ambitious Goal' for Rural Industry

HK1807064392 Beijing CHINA DAILY in English  
18 Jul 92 p 1

[By staff reporter Wang Yonghong: "Ambitious Goal Set for Rural Industry"]

[Text] China has hammered out an ambitious plan to push its rural enterprise production value up to a massive 2.64 trillion yuan (\$488 billion) by the end of this century, according to a circular recently released by the Ministry of Agriculture.

Rural enterprises will contribute 70 to 75 percent of the country's total rural economic output if the goal is reached, as compared to 59 percent last year, said an official with the Bureau of Township Enterprise Management under the Agricultural Ministry yesterday.

According to the circular, the township enterprises will absorb about 140 million surplus farmers, about 30 percent of the estimated rural labour force at the end of the century.

The development scheme, drafted in line with the 10-Year Plan for Economic and Social Development and the Eighth Five-Year Plan is also designed to speed up modernization of agriculture in both per hectare yields and quality, the official said.

But the official said the township enterprise output has posted a huge upswing of about 30 percent in recent years, moving much higher than the targeted annual growth rate of 15 to 20 percent set for the Eighth Five-Year Plan period (1991-95), which makes the rural enterprise output target set for the end of the century easy to meet.

In 1991, total production in the township enterprises stood at 1.16 trillion yuan (\$214 billion), up 22 percent on the previous year.

This year an output worth about 1.5 trillion yuan (\$277 billion) is expected since production in rural enterprises jumped more than 35 percent in the first half of the year compared with the same period last year.

The hefty growth rate promises a good chance of reaching 1.6 trillion yuan (\$296 billion) in production value next year, two years earlier than the planned time, the official said.

Since township enterprises play a very import role in the economic and social development of the countryside as

well as in the modernization drive of the country, China will spare no pains to boost them in coming years.

**Wholesale Markets Receiving Closer Scrutiny**

HK1807065092 Beijing CHINA DAILY in English  
18 Jul 92 p 1

[By staff reporter Xie Liangjun: "Wholesale Markets Get Closer Scrutiny"]

[Text] To cope with the recent surge in farm-produce free markets across the country, the Ministry of Commerce is working out guidelines to improve the management of vegetable and fruit wholesale markets.

And it is also co-operating with the Ministry of Construction to promulgate another set of rules concerning the distribution and construction of such markets in towns and cities.

Yao Chenghai, director of the Department of Planning and Adjustment in the Ministry of Commerce, said in Beijing that China also plans to establish more larger wholesale markets for tea, raw silk and livestock products in an attempt to allow market forces to regulate more commodities.

The move is seen as one of the government's major steps to speed up the development of wholesale markets and improve their management.

Yao's statement came yesterday at a discussion attended by more than 20 local wholesale market officials. They took part in a week-long ministry-funded training course on wholesale markets that started on Sunday and included lectures by Chinese and Japanese experts on wholesale markets, futures markets and stock exchanges.

According to Yao, Chinese State-run commercial departments and rural supply and marketing co-operatives have set up more than 1,000 wholesale markets around the country.

Central- and provincial-level grain wholesale markets have been opened in Zhengzhou, Harbin, Changchun, Jiujiang, Wuhu, Wuhan, Weihai and Changsha.

At present, some 300 vegetable and 250 fruit wholesale markets have been set up across the country.

According to Yao, Zhejiang, Henan and Jiangsu provinces and Tianjin are preparing to set up large tea wholesale markets.

### East Region

#### Fujian Cadres Face Dismissal for Reform Failures

HK1707072892 Hong Kong SOUTH CHINA  
MORNING POST in English 17 Jul 92 p 15

[By Willy Wo-lap Lam]

[Text] Several senior cadres in the coastal province of Fujian are expected to be sacked or transferred for failing to live up to patriarch Mr Deng Xiaoping's call for fast-paced reform.

Chinese sources said in spite of Fujian's apparent success in luring investments from Taiwan, Mr Deng had been disturbed by the extent to which the province had lagged behind neighbouring Guangdong.

Cadres reported to be affected in the forthcoming reshuffle include the provincial party boss, Mr Chen Guangyi, and the mayor of the Xiamen Special Economic Zone (SEZ), Mr Zou Erjun.

Party secretary of Fujian since 1986, Mr Chen is considered a conservative who has failed to exploit the "special policies" given to his province to realise fast development.

Analysts said Mr Chen, 59, was a protege of the member of the Politburo in charge of organisation, Mr Song Ping. Both Mr Chen and Mr Song, a hardline elder, had worked together in the northwest province of Gansu.

Because of Mr Song's influence, Mr Chen is expected to be given a senior-level "compensation job" in a central party organ.

Mr Zou, 61, who has already served two terms as mayor, is expected to retire by the end of the year.

Local officials said Mr Deng and other reformist leaders had been disappointed that while Xiamen enjoyed the same privileges as Shenzhen, it had remained a poor cousin to the Guangdong SEZ.

They said that during recent balloting for deputies to the 14th party congress, Mr Zou failed to be elected and Mr Chen made it by a whisker.

"During his tour of southern China early this year, Deng made it a point not to go to Fujian", a source said. "And Fujian is never mentioned in the many speeches on reform that the patriarch has recently delivered".

Analysts dismissed as "mere speculation" reports that the youngest daughter of Mr Deng, Ms Deng Rong, was a candidate to succeed either Mr Chen or Mr Zou.

They said Ms Deng, who is her father's private secretary and interpreter, was unlikely to leave the Deng Xiaoping Office.

Local officials said the party secretary of the provincial capital, Fuzhou, Mr Xi Jinping, might be given a hefty

promotion in view of his deserved reputation as a reformist. The son of elder Mr Xi Zhongxun, Mr Xi was elected as a deputy to the 14th Congress by a huge margin.

#### Fujian Reformists Said Elected Congress Deputies

HK1707040892 Hong Kong CHING CHI JIH PAO  
in Chinese 16 Jul 92 p 7

[By reporter Li Feng (2621 7364): "Fujian Province Elects Delegates to 14th CPC National Congress; Zhu Rongji Criticizes Xiamen for Not Doing Well in Opening Up"]

[Text] Fujian has elected more than 40 deputies to attend the 14th CPC National Congress. Party elder Xi Zhongxun's son Xi Jinping was elected with a high proportion of votes in the election, in which candidates exceeded the number of seats, and he ranked third in terms of number of votes obtained. He will probably become a new Central Committee member at the 14th National Congress to be convened at the end of this year. Provincial party Secretary Chen Guangyi did not get as many votes as Xi Jinping and Governor Jia Qinglin. Xiamen Mayor Zou Erjun got the fewest votes and was not elected for his poor performance in reform and opening up in recent years.

Fujian party organizations adopted the multicandidate election system in electing deputies to the 14th National Congress. The principal leaders of party organizations and governments in various prefectures and cities had offered to participate in the election. After deliberations at party congresses at various levels, party members in grass-roots units had a high opinion of the party and government officials who dared to experiment and explore new ways in reform and opening up in recent years, and voted against those with a conservative work style and dissolute life. In addition to Chen Guangyi, Jia Qinglin, and Xi Jinping, those elected deputies included Lin Kaiqin, deputy provincial party secretary; Shi Zhaobin, secretary of Xiamen city party committee; Chen Mingyi, executive vice governor; Huang Wenlin, secretary general of the provincial party committee; Zhao Xuemin, party secretary of Nanping Prefecture; Lin Zhaoshu, member of the provincial party committee Standing Committee; Liu Qinrui, director of the provincial forestry department; Huang Songlu, director of the provincial public security department; Chen Yingguan, secretary of the Quanzhou city party committee; and Zhou Houwen, secretary of the Sanming city party committee. Ye Fei and Peng Chong, who are from Fujian but now live in Beijing, were also elected for their support of reform and opening up in recent years.

Xiamen Mayor Zou Erjun has held the position for two consecutive terms, and his second term of office will expire at the end of this year. Local people predicted that he would certainly step down because of the fact that Xiamen was the poorest performer among the four special economic zones. As a matter of fact, when Deng

Xiaoping inspected Xiamen in 1985, he promised to grant it the most favorable terms and allowed it to develop into a "free port." But, seven years have passed since Deng's visit, and the "free port" policies have not even been discussed, to say nothing of putting them into practice. In consequence, when Deng toured south China at the beginning of this year, he did not go to Fujian or Xiamen. He did not even mention Fujian. Vice Premier Zhu Rongji was also dissatisfied with Xiamen's work, saying that the city lacks a strong open atmosphere, and lacks even a decent avenue, despite the favorable conditions of being so close to Taiwan with so many Taiwan investors there.

At present, great pressure is brought to bear on Fujian's party and government leaders to face Guangdong on the left and Shanghai on the right. Even neighboring Jiangxi is overbearing in reform thanks to the unusual courage and resourcefulness of its Governor Wu Guanzheng. Fujian's cadres said they faced a pincers attack from both sides, and a two-way squeeze from the north and south. Fujian party and government leaders feel that instead of talking a lot and doing little, they must do some practical things for reform and opening up in a solid and down-to-earth manner; otherwise, they will be eliminated by history.

#### **Jia Qinglin Views Fujian Economic Development**

OW1707104192 Beijing XINHUA in English  
0941 GMT 17 Jul 92

[Text] Fuzhou, July 17 (XINHUA)—The economic situation of east China's Fujian Province is developing fine since Deng Xiaoping made his speech early this year in southern China.

Fujian Provincial Governor Jia Qinglin made the remarks today at a provincial government meeting.

Jia said that in the first half of this year, Fujian made breakthrough achievements in foreign economic and trade relations. The province approved 973 foreign-funded projects, a 97 percent rise over the same period of last year. The projects involved a total investment of 1.526 billion U.S. dollars, with actual use of overseas funds standing at 642 million U.S. dollars, 4.79 times and four times the figures of the same period of last year, respectively.

By the end of June, the province had opened 51 plots of land for overseas investors, covering a total area of 43 square kilometers. These plots of land absorbed 825 million U.S. dollars of overseas funds, he noted.

During the January-June period, the export volume of the province hit 1.732 billion U.S. dollars, up 32 percent over the same period of 1991.

Referring to the development of the local economy, the governor said that industries at or above the township level achieved an output value of 28.72 billion yuan, a 19.5 percent rise over the corresponding period of 1991.

The economic efficiency of industrial enterprises covered by the provincial budget is turning for the better. Their taxes and profits increased by 9.36 percent.

Meanwhile, the province planted 267,000 hectares of trees and 73,000 hectares of fruit trees. The aquatic output of the province reached 614,000 tons, up 12.8 percent over the same period of last year. The output value of rural enterprises recorded 19.9 billion yuan, a 36 percent increase over the same period of 1991.

Jia added that in the first six months, the province's financial revenue amounted to 3.59 billion yuan, up 16.2 percent over the corresponding period of last year.

#### **Fujian 2d Nationwide in Absorbing Foreign Capital**

HK1707104892 Beijing ZHONGGUO XINWEN SHE  
in English 0800 GMT 17 Jul 92

[Text] Fuzhou, July 17 (CNS)—The number of newly-approved foreign-funded enterprises in Fujian in the first half of the year was 973 with contracted foreign investment of U.S.\$1.526 billion and actual utilization of foreign capital amounting to U.S.\$642 million, respective increases of 97 percent, 379 percent and 300 percent compared with the same period last year. The total absorption of foreign capital ranked Fujian second in the nation.

Taiwan investment maintained a strong trend, with the number of newly-approved Taiwan-funded enterprises put at 245 and contracted Taiwan investment amounting to U.S.\$222 million, respective increases of 91 percent and 130 percent over the same period last year.

One important characteristic of foreign investment in Fujian this year is the enlargement of the investment scale with the number of big investments noticeably increased. The average amount of contracted foreign investment per item was U.S.\$1.568 million, much bigger than the average of U.S.\$624,000 in the same period last year. Among the newly-approved items this year, those with investment above U.S.\$10 million numbered 27, ten more than for the whole of last year with the biggest reaching U.S.\$150 million.

The scope of foreign investment also expanded with the amount of actual utilization of foreign capital noticeably increasing in high-tech, infrastructural facilities, development of whole pieces of land and tertiary industry, a growth of three times compared with the same period last year and surpassing the whole of last year.

#### **Commentator Urges Developing Jiangsu Enterprises**

OW1807163092 Nanjing XINHUA RIBAO in Chinese  
8 Jul 92 p 1

[Article by unidentified XINHUA RIBAO commentator: "Emancipate the Minds and Boldly Make Break-throughs"]

[Text] The fundamental way for Jiangsu's village and town enterprises to make the "eight breakthroughs" and maintain their leading role in the country is through the further emancipation of minds.

To further emancipate the minds is to strive for faster acceleration, particularly regarding high efficiency. Our experiences in economic construction in the past few years repeatedly show that foresight and quick action are very essential and have far-reaching impact on economic work and even on the overall economic development of a locality. If we seize the opportune time and are among the first ones to take action, we can grasp the best time for economic development and get twice the result with half the effort. If we failed to seize the opportunity and "fall one step short of the pace of the times, we would have been 10 steps behind those ahead of us" and would have been situated in a backward and passive situation in the following period of time. By seizing some major opportunities, Jiangsu's village and town enterprises have enjoyed a rapid development. Following the publication of the guidelines of Comrade Xiaoping's talks during his trip to southern China, the entire country is now in an unprecedented good condition for reform and opening up. This is a golden opportunity for stepping up the development of village and town enterprises. We should get rid of the feeling of complacency over a small victory and the feeling of relief over a small fortune and should seize this opportunity without the slightest hesitation to achieve extraordinary development by leaps and bounds.

To emancipate our minds, we must overcome the "leftist" influence and boldly absorb and use all fruits of civilization created in human society. Following reform and the opening up of the country's gate to the outside world, we should not only come into contact with the things we have never known and understood before, but should even also accept the things we have once rejected. This requires the magnanimity of Marxists. We have the rights and should be bold to absorb and enjoy all of humanity's material civilization and scientific and technological achievements as long as they are "conducive to the three causes" [developing the productive forces of socialist society, increasing the overall strength of the socialist country, and improving the people's living standards]. Only by understanding this point can we feel free and boldly make breakthroughs.

To emancipate our minds, we should also free ourselves from the restrictions of sticking to conventions and to a single mode of development. Economic construction is very lively and rich in practice. It needs constant innovations and creations. We should make good and full use of a series of policies and measures promulgated by the state and the province. People should be encouraged to boldly try anything not written down in documents but "conducive to the three causes," so that practice will provide a basis for making new policies. The road to developing village and town enterprises should become wider and should not be obstructed by man-made modes. As long as we closely seize the present good

opportunity, know how to sum up experiences, and dare to make breakthroughs, we will be able to boost Jiangsu's village and town enterprises to a new level again.

### **Jiangsu Enterprises Urged To Implement Deng Line**

*OW1807062192 Nanjing XINHUA RIBAO in Chinese  
7 July 92 p 1*

[Text] Speaking at the fourth annual meeting of the provincial Society for Ideological and Political Work Among Workers and Staff Members on 5 July, Comrade Cao Keming, deputy secretary of the provincial party committee, suggested that "serious efforts to study, publicize, and implement the guidelines of important speeches made by Comrade Deng Xiaoping during his tour of southern China are major endeavors in enterprise-based ideological and political work. We should improve public acceptance of these efforts and turn them into practical actions aimed at improving enterprises on the part of cadres, workers, and staff members." He also emphasized the need for further improving and strengthening ideological and political work in enterprises in accordance with the demand for gearing up reform, openness, and economic development.

The three-day meeting in Wuxian County, Suzhou, studied and discussed ways to conduct ideological and political work in enterprises in light of current strategic tasks throughout the party and under the guidance of Comrade Deng Xiaoping's important speeches and the guidelines of the plenary session of the Political Bureau of the party Central Committee. It also exchanged experiences in conducting enterprise-based ideological and political work in recent years, reviewed some typical units in Suzhou, and commended remarkable research findings. It elected the society's first council led by Zhang Haoliang and specified future tasks and demands. Participants in the meeting noted that ideological and political work should be strengthened and improved in keeping with the quickened pace of reform, openness, and economic development. They observed that the accelerated drive of reform, openness, and economic development would provide ideological and political workers an excellent opportunity to display their talent and render meritorious services. They stated the necessity of conducting more concrete and effective work and of playing a better role in safeguarding and serving economic construction in the new situation and amid new challenges and opportunities.

Speaking at the closing session of the annual meeting, Comrade Cao Keming noted: Studying, publicizing, and implementing the guidelines of Comrade Deng Xiaoping's important speeches are major endeavors on all fronts and in the field of current enterprise-based ideological and political work. We must carry out these endeavors earnestly, firmly, and effectively. A very important means of carrying out these efforts is to gear them to the thinking of cadres and people, to work hard at guiding people to emancipate their minds, and to concentrate on making bold explorations. More ideas

and courses of action will result from mental emancipation and transformation. We should carry out these endeavors while implementing the guidelines of the provincial party committee's work conference and carrying out the program of reform, openness, and economic development in all localities. We should present new ideas; make new suggestions; devise realistic development programs that encourage bold action, experimentation, and risk-taking; encourage genuine efforts; and initiate several major practical programs. Both the internal and external environment for enterprise-based ideological and political work has undergone profound changes. Cadres engaged in political work should understand their historical responsibilities, work enthusiastically, perform their duties well, conduct serious explorations, actively carry out practical efforts, strengthen and improve enterprise-based ideological and political work, and comply with and serve the needs posed by the central task of economic construction.

### **Jiangsu Meeting on Export-Oriented Economy**

OW1907055592 Nanjing Jiangsu People's Radio  
Network in Mandarin 1015 GMT 15 Jul 92

[From the "News" program]

[Text] Journalism and media units should regard studying, publicizing, and implementing Comrade Deng Xiaoping's important remarks as their number one task; should perceive the important position of the export-oriented economy from a strategic point of view; and should take effective measures to publicize an export-oriented economy to pave the way for carrying out the provincial CPC committee's and government's [words indistinct] strategy and for raising Jiangsu's economy to a new level. This is a common understanding reached at a provincial seminar on publicizing an export-oriented economy by the media held in Suzhou 12-15 July by the propaganda department of the provincial CPC committee. Sun Jiazheng, deputy secretary of the provincial CPC committee, and Gao Dezheng, executive vice governor of Jiangsu Province, spoke at the seminar.

Attending the seminar were responsible individuals and representatives of the provincial CPC committee's units of journalism, propaganda departments of all city CPC committees, and journalism units from all cities, totaling more than 60 people.

Since the beginning of this year, the province's propaganda front, taking Jiangsu people's implementation of Comrade Xiaoping's important remarks made during his inspection tour of the south as a juncture, has stepped up reporting in a timely manner on the province's export-oriented economy amid a good trend of economic development in the province, forming a (?good climate) for advancing the policy of opening up to the outside world and for promoting the export-oriented economy. Following discussions at the seminar, participants reached a consensus that, facing a new situation of large-scale reform and opening up, journalism and media units

should further emancipate their minds, concentrate on publicizing economic matters, step up publicizing the province's export-oriented economy, and endeavor to improve the quality of their propaganda work. Those attending the seminar held that journalism and media units should vigorously publicize new thinking, new objectives, and new planning from the provincial CPC committee and government, as well as of CPC committees and governments at all levels, that are aimed at quickening the pace of reform and opening up and at developing the economy. They urged journalism and media units to publicize in general all localities' deeds in implementing the government's major policies and the results they had achieved; to provide prominent reports on typical cases of scoring good results in quickening the pace of reform and opening up; to publicize important achievements in the opening up and development in economic zones along Chang Jiang; to step up publicizing of areas with a developed export-oriented economy; and to properly publicize achievements in promoting democracy, rule by law, and the building of spiritual civilization to form a social environment that is conducive to reform, opening up, and economic development.

In his speech at the seminar, Sun Jiazheng emphatically pointed out: Currently, the media's number one task is still to study, publicize, and implement Comrade Deng Xiaoping's important remarks made during his inspection tour of the south and the guidelines set by the meeting of the CPC Central Committee Political Bureau. The media should fully realize that currently we are in a crucial historical period. We must chance our sense of urgency of developing the economy and quickening the pace of development, and the sense of having the responsibility to accomplish these tasks. We must focus our efforts on economic construction, and the media's propaganda work should always be subjected to and serve this central task. Sun Jiazheng urged the media, in the situation of reform and opening up, to firmly serve as a cool promoter of progress cherishing the masses, to publicize and implement the party's basic line of "one central task and two basic points," to promote the policy of reform and opening up to the outside world, to enthusiastically support and publicize people who have the guts to explore and pioneer new spheres, and to support and publicize the masses' creations. Sun Jiazheng urged the media, in publicizing the export-oriented economy, to adhere to dialectics, to examine the actual situation with a cool head, to stay on the correct course, to conduct propaganda and provide guidance for maintaining social stability and developing the economy, and to always pay equal attention to promoting material and spiritual civilizations.

In his speech at the seminar, Gao Dezheng explained and analyzed the good situation, features, and prospects for developing the export-oriented economy in Jiangsu and briefed seminar participants on the province's strategic thinking and measures for developing the export-oriented economy, as well as the key areas of development.

At the seminar, Wang Xialin and (Qian Xuedi), respectively director and deputy director of the provincial CPC committee's propaganda department, summed up and reviewed the province's media's propaganda work during the preceding period, and set out specific instructions for publicizing the province's export-oriented economy.

### **Jiangsu's Wuxi City Develops Service Sector**

OW1707103992 Beijing XINHUA in English  
0949 GMT 17 Jul 92

[Text] Nanjing, July 17 (XINHUA)—In the first half of this year, the total business volume of the service sector in Wuxi city's outskirts in east China's Jiangsu Province reached 1.4 billion yuan, a 58 percent increase over the same period of last year.

Since the beginning of the '80s, the city has put the main force on the development of the service sector according to its natural conditions.

More than 26,000 farmers, out of a total of 160,000, poured in from the outskirts to the city to set up shops, hotels, wineshops, taxi and tourist businesses.

At present, more than 2,300 shops and 37 markets have been set up in the city. These have promoted goods exchanges between the city and its rural areas.

Following the deepening economic reform, the city has taken efforts to develop the export-oriented service sector. Local farmers decided to set joint ventures at home and abroad.

In 1985 local farmers set up the province's first Sino-foreign co-operative wineshop, and they also set up a joint wineshop in Australia.

At the same time, they set up a Sino-foreign Taihu Pet Corporation in the city which receives more than 100,000 visitors every year.

Thanks to setting up enterprises abroad and joint ventures in the city, more and more industrial products, produced by the rural farmers, will enter the international market soon.

### **Shandong Develops Agriculture Using Foreign Funds**

OW1707143192 Beijing XINHUA in English  
1252 GMT 17 Jul 92

[Text] Jinan, July 17 (XINHUA)—Foreign technology and money has been used to accelerate agricultural development by the coastal city of Weifang in Shandong Province.

The city's priority is to transform traditional farms into high-yield, quality and efficient agricultural units.

It has imported top varieties of seeds, livestock and silvaculture and developed a mixed farming base which takes in tobacco growing, asparagus gardening and chicken meat processing.

Weifang has become the biggest exporter of tobacco in the country and Anqiu County is a major producer of canned asparagus for export in the province.

Last year agricultural production was valued at 9.507 billion yuan (1.9014 billion U.S. dollars), with exports of 2.42 billion yuan (484 million U.S. dollars).

### **Shandong Communique on Pollution Control Status**

SK1707001492 Jinan DAZHONG RIBAO in Chinese  
14 May 92 p 1

[Text] The provincial Environmental Protection Bureau recently issued the 1991 communique on the province's environmental quality. Judging from the monitored data, the environmental quality of the atmosphere in urban areas was brought under control in varying degrees; noise pollution became increasingly prominent; the potable water quality of water sources was fine; the water pollution in major localities was not brought under effective control; the harmful material in the waste discharged by the industrial enterprises was somewhat brought under control.

1. Urban atmospheric quality. Cities where the sulfur dioxide content in the air surpassed the fixed standard include Qingdao, Weifang, Jinan, Zibo, Yantai, Jining, Taian, and Binzhou, and those where large particles suspended in the air surpassed the fixed standard include Jinan, Zibo, Qingdao (floating dust), Linyi, Zaozhuang, and Taian. The oxide content in the air of all cities monitored has not surpassed the fixed standard. The acid rainfall rate has decreased from 9.2 percent in 1990 to 7.4 percent at present, and the number of cities that experienced acid rainfall has decreased from nine in 1990 to six at present. Cities where acid rainfall is still at the annual average level include Dezhou, Qingdao, Yantai, and Jinan.

2. Urban environmental noise. Areas with city functions generally violated the noise standards. The cities where the noise standards were violated day and night in the worst order were Dongying, Weifang, Jining, and Heze. The cities where the noise standards were violated at night in the worst order were Weifang, Dongying, Jinan, Linyi, Jining, Weihai, and Binzhou. Linyi, Dongying, Qingdao, Yantai, Zaozhuang, Heze, Jinan, and Dezhou exceeded the average road traffic noise standards. According to the measurement of 1,810 areas in 15 cities, Weifang, Dongying, and Jining registered the highest noise level and Weihai registered the lowest level.

3. Drinking water sources. The quality of drinking water sources in the urban areas of the province was fairly good and better than in 1990.

4. Surface water. Rivers: The results of monitoring 99 sections of the provincially controlled 36 rivers show that Zi He was the most seriously polluted and that the next worse were Cheng He, Xuanhui He, Chengguo He, Zhulong He, and Xiaofu He. Compared with 1990, the degree of pollution of Guangfu He slightly declined, that of Xiaoqing He was basically the same, and that of all other rivers increased; lakes: of the water quality of six provincially controlled lakes, the pollution level of at least one was higher than the standard. The most seriously polluted ones were Zhaoyang Lake and Mada Lake; reservoirs: of the water quality of the two provincially controlled reservoirs, the total nitrogen level of Wohushan Reservoir exceeded the standard.

5. Major industrial waste water pollution sources. Among the 226 major industrial enterprises whose waste water pollution was placed under provincial control, 209 exceeded the standards for pollution control. Of the 209 industrial enterprises, 173 exceeded the standard for chemical oxygen consumption, and the Linyi distillery's pollution was the most serious pollution source, exceeding the standard by 145.64 times. A total of 135 of these 209 enterprises exceeded the standard for suspended particles, and the Jining winery was the most serious pollution source, exceeding the standard by 55.71 times. One hundred and one enterprises exceeded the five-day standard for biochemical oxygen demand, and Weifang Solvent Plant was the most serious pollution source, exceeding the standard by 245.40 times. Thirty-nine enterprises exceeded the standard for volatile phenol, and Qingdao Dyeing Stuff Plant was the most serious pollution source, exceeding the standard by 557.63 times. Six enterprises exceeded the standard for hexad chromium, and the Qingdao Hongxing Chemical Plant was the most serious pollution source, exceeding the standard by 425.22 times.

#### Shanghai Directors, Managers Train in U.S.

OW2007072592 Beijing XINHUA in English  
0712 GMT 20 Jul 92

[Text] Shanghai, July 20 (XINHUA)—A total of 500 factory directors and managerial personnel from Shanghai will receive systematic training in Western countries during the years up to 1995.

Over the weekend, a group of 24 members arrived in the United States to attend a 35-day "Senior Managerial Personnel Training Class".

Chen Liangyu, the head of the Huangpu District, and several other managers of leading companies went to Britain to take the course before the group.

The countries that agreed to help train Chinese managers also include Britain, Singapore and Japan.

Kong Changming, secretary general of the Shanghai Association for International Exchange of Personnel, said that "the move is to train more decision making

people who have a good grasp of international business rules and the capability of efficient management."

During the time, the city will also dispatch people from the administrative level, engineers, technicians and business men to study advanced managerial experience of Western countries and the operation of government departments characterized by a system of public service.

Kong said during the 1991-1995 period, about 1,000 foreign experts in various circles will be invited to work in Shanghai to help the city with technical renovation and management items.

#### Shanghai Stock Exchange Development 'Robust'

OW1807053592 Beijing XINHUA in English  
0226 GMT 18 Jul 92

[Text] Shanghai, July 18 (XINHUA)—The Shanghai Stock Exchange experienced a robust market last month, according to market sources.

In the month, 34 A-type shares and six B-type shares were put on sale, which stimulated a new round of buying among both Chinese and overseas buyers.

The total volume of the 34 A-type shares reached 5.16 billion yuan, and that of B-type shares, accounted in renminbi and sold in foreign currency to overseas investors, surpassed 410 million yuan.

The daily transaction volume of 15 A-type shares reached 200 million yuan. Though B shares on sale were issued only by the Shanghai Vacuum Electron Device Company Limited, its daily turnover climbed to more than three million yuan.

For all of June, A-shares showed a rising trend with intensive trading and B-shares, currently being led by the Vacuum Electron, demonstrated a fine future with the average daily price keeping above 80 U.S. dollars.

Sources from the local stock exchange, one of the country's only two stock exchanges, indicated that some major events largely affected the development of the market.

In the month, the city established a special committee, headed by Vice Mayor Zhuang Xiaofu, to administer stock and securities trading.

During the month, a group of securities companies from other regions of the country were approved to enter the Shanghai Stock Exchange, bringing their total number to 83. Adding 21 local companies, the total number of companies involved in the market reached 104.

With the issuing of a new batch of stock purchasing cards, the people involved in stock business increased to 1.247 million, about one-tenth of the city population.

### Contract Signed for Pudong Office Block

OW1807140692 Beijing XINHUA in English  
1356 GMT 18 Jul 92

[Text] Shanghai, July 18 (XINHUA)—The Ministry of Foreign Economic Relations and Trade and the Shanghai Municipal Government have signed an agreement for the construction of an 88-story building in the Pudong New Development Area here.

A ministry official told a news conference here today that the new office building, named the "Economy and Trade Mansion", will be the tallest building in Asia. It will be located in the Lujiazui district of Pudong and cost one billion yuan to construct. With a floor space of 220,000 sq m, the building will house trade, finance and commerce offices, apartments and recreation facilities.

State ministries and commissions, and foreign trade enterprises in provinces, autonomous regions and municipalities across the country are expected to open foreign trade agencies in the mansion. This will help turn Shanghai once more into a leading economic and foreign trade center in China.

According to Xia Keqiang, director of the development office of the Pudong New Area, preparation work for the mansion is now under way; the three-year construction project will begin next year.

### Central-South Region

#### Zhuhai's Liang Guangda on Reform, Opening Up

HK1707143892 Guangzhou YANGCHENG WANBAO  
in Chinese 24 Jun 92 p 3

[Article by Liang Guangda, Zhuhai City CPC Committee secretary and mayor: "Continuously Deepen Reform, Expand Opening Up, Push Economic Construction to New Stage"]

[Text] Comrade Deng Xiaoping's speeches during his southern inspection tour show great foresight, answer questions encountered in the course of reform and opening up from a strategic plane, clearly draw demarcation lines, free our minds from shackles, and enable us to be clear about many important theoretical issues.

Prior to the founding of Zhuhai City, fisheries and agriculture were regarded as the main aspect of the city's economy, its modes of production were backward, its industrial foundation was weak, and it was one of the province's economically backward areas. In 1978, the whole city's gross industrial and agricultural output value was only 260 million yuan, of which its gross industrial output value was 123 million yuan and made up 47.3 percent of its gross industrial and agricultural output value; its local financial revenue was 30.133 million yuan and foreign exchange earned from exports was \$6.045 million. Since a special economic zone [SEZ] was set up on a trial basis in August 1980, under the

guidance of the line, principles, and policies formulated after the Third Plenary Session of the 11th CPC Central Committee, Zhuhai City has insisted on "one center, two basic points"; resolutely implemented special policies and flexible measures for reform and opening up, vigorously made explorations, and built enterprises through arduous effort so as to change Zhuhai's economic construction and social outlook remarkably. In 1991, GNP amounted to 6.045 billion yuan, an increase of 1,660 percent over 1980 when the SEZ was founded; its gross industrial and agricultural output value (in constant prices) was 10.933 billion yuan, of which gross industrial output value was 10.002 billion yuan, and the proportion of industrial output in total output value rose to 91.5 percent; the value of exported industrial products accounted for some 47 percent of gross industrial output value; the amount of foreign trade and exports was \$699 million, an increase of 5,240 percent; financial revenue was 592 million yuan (excluding taxes collected on behalf of the Customs), an increase of 1,500 percent; and per-capita income reached 7,558 yuan. The once small frontier town has become a garden-type seaside city full of modernity and the people's living standards and cultural quality have improved remarkably. Never have they been so full of confidence in socialism as now, and they have now actually seen an incomparably bright vista.

Looking back on the course through which we have passed in the last 12 years, we feel deeply that without the line formulated after the Third Plenary Session of the 11th CPC Central Committee, such a good political and economic situation would not exist today and there would not be today's Zhuhai.

Initiated by Comrade Deng Xiaoping, our country's SEZ's were founded. It was through these experiments in setting up SEZ's that we opened up a road to socialism with Chinese characteristics. The production of any new thing and people's understanding of it are the result of bold experiments. In compliance with Comrade Xiaoping's consistent thought, we do not quibble over the question of whether it is "socialist" in nature or "capitalist" in nature and have made bold explorations and experiments in the aspects of fostering a market structure, relying on scientific and technological progress to give an impetus to economic development, arousing the enthusiasm of scientists and technologists, stepping up building the legal system, and implementing the principle of "attaching equal importance to two types of work." We could thus achieve today's results. For Zhuhai, this is merely the first step in a long march of ten thousand li. If we want to catch up with and surpass Asia's "four little dragons," build Zhuhai into a new-type socialist cosmopolitan city at advanced world levels, and make even greater contributions toward our motherland's economic construction, our burden is still heavy and our road is still long. Comrade Deng Xiaoping's speeches during his southern inspection tour are a summation of the theory and practice of our country's reform and opening up over last 10 years or so as well as

a guiding principle in building Zhuhai's SEZ. We shall exert efforts in the following several aspects in accordance with this guiding principle:

#### **First, Further Expand Opening Up**

—We must vigorously and effectively absorb foreign capital, optimize the structure for investments by foreign businessmen, diversify what we introduce, encourage foreign businessmen to make direct investments, and make more and better use of international financial organizations and loans from foreign governments.

—It is necessary to speed up the building of the western district and Hengqin Dao. Zhuhai's western district faces a major water course for international shipping lines with its back toward the prosperous Zhujiang Delta and its geographical position is excellent. Our objective is to build the western district into a modern district, with Gaolan Port as a leading factor, with a complete system of a deep-water port, railroads, an airport, highways, and inland water transport, and with heavy industries and basic industries as the main aspects so as to make Zhuhai City our country's southern base for entrepot trade with foreign countries and to contribute to the economic development of our province and the southwestern region of our country. Hengqin Dao belongs to the southern district of Zhuhai City and is adjacent to Macao. We plan to build it into a bonded area, where a bonded policy will be implemented in an all-around way and the industry mix and economic operation will gradually become internationalized and market oriented. It will become a component part of the Zhuhai SEZ which is opening up still wider. At present, the western district and Hengqin Dao have been included in Guangdong Province's plan for key construction projects for expanding opening up in the 1990's.

—It is essential to further relax the policy of introducing science and technology. One of the focal points of reform and opening up is to introduce technology and talented people. The key to developing science and technology lies in talented people. Immense rewards offered by Zhuhai to scientists and technologists who have made outstanding contributions have evoked very great repercussions at home. We must continuously implement and unrelentingly perfect the preferential policy toward high- and new-technology projects and regulations on rewarding those who have made outstanding contributions toward scientific and technological progress so as to form a reward system. We welcome domestic experts, professors, and scientific research personnel to bring projects with competitive power in the market to the SEZ through many forms, including joint capital, cooperation, technology transfer, and stock purchases to pursue development together and share interests with us. We also welcome foreign scientists and technologists and foreign students studying in our country to develop valuable

projects with us. We shall provide them with excellent remuneration and allow them to come and go freely.

—It is imperative to run some enterprises abroad vigorously and in a planned way. So long as we run enterprises well at home and have a certain economic foundation and management standard, we have the conditions for running enterprises abroad. In doing so, we can further strengthen international exchanges and go into the international market in a still better way.

#### **Second, Quicken Pace of Reform**

The whole city has formed a macro-environment which is carrying out reform, is bold in exploration, is unrelentingly blazing new trails, and is accelerating development.

—Attach importance to financial reform. We must further consolidate and put the whole city's existing short-term day-to-day loan market and foreign exchange regulation market on a firm basis, establish a stock market and a futures market, let people pursue the stockholding system freely, make preparations for and improve stock markets as soon as possible, and raise funds through many aspects and many channels to invest in construction.

—Readjust the economic structure. We must step up the building of basic industries and infrastructural facilities, further optimize the investment environment, and accelerate the coordinated development of primary, secondary, and tertiary industries. Investments in fixed assets must be steered to basic industries, including energy resources, communications, telecommunications, vital raw materials, agriculture and water conservancy, as well as high and new-technology industries with high added value. Regarding the agricultural system, we should continuously stabilize the contract responsibility system on a household basis with remuneration linked to output as the main aspect, unrelentingly perfect the two-tier operation mechanism integrating centralization and decentralization, and vigorously develop the agricultural social service structures.

—Deepen internal enterprise reform. We must strengthen mechanisms to encourage and restrict enterprise operations, guarantee the implementation of the "Enterprise Law," really transform governmental functions, change administrative regulation and control of enterprises as the main method to one with indirect regulation and control chiefly by applying economic and legal measures, really exercise decisionmaking powers by enterprises, and push enterprises to the market.

—Vigorously foster the market. It is necessary to deepen reform of the circulation structure and prices and to suit the special economic zone's needs of further reform and opening up. Under the guidance of the state macroeconomic plan, we must gradually establish an economic development setup with the special

economic zone's market-directed economy as the main body, and unswervingly accelerate reform of prices and the circulation structure.

- Expedite reform of the labor system and wage distribution system and perfect corresponding measures. Through formulating and carrying out the "Zhuhai City's plan for the management of the labor contracts of the entire body of workers," we must gradually establish a labor system with "governmental macro-economic control, employment of workers by enterprises on their own initiative, many forms of coexistence, and contracts for all personnel"; allow workers to flow rationally to give full play to individual specialized skills; and strengthen the administrative and legal supervision of employment in enterprises, especially foreign-funded enterprises, so as to put the employment of workers under rule of law.
- Speed up reform of the social insurance system. It is essential to expand workers' pension and insurance gradually from enterprises owned by the whole people and collective enterprises to foreign-invested enterprises, private enterprises, and individual industrial and commercial undertakings and to develop rural social insurance vigorously. We must do well with regard to job-awaiting insurance; increase the categories of insurance against industrial injury, medical insurance, and other insurance; and create necessary social guarantees for the readjustment of enterprises' organizational structures and reform of the employment and labor systems.
- Deepen reform of the urban planning, construction, and management systems and of the use of land. We must improve the planning and examination system as well as procedures for construction examination and approval, avoid abuses of power, and firmly introduce competitive mechanisms in urban planning, design, and construction. In the examination, approval, and management of the use of urban land, it is imperative to adhere to the principle of government leadership and collective, unified examinations and approvals. Except for land for housing development as planned by the government, land for the development of real estate must, in principle, be leased in the form of public bidding, a property market must be fostered, and the loss of state-owned land resources must be avoided so as to make capital for the development and construction of urban land enter a benign circle of "input—recovery—input."
- Simplify work procedures, enhance work efficiency. To simplify work procedures without disrupting the existing administrative and management structure, where necessary, we must still transfer personnel who can take responsibility for decisions from all relevant departments and organize them into working organs which operate without being detached from their original units.

### Third, Further Do Well in Building Socialist Spiritual Civilization

Stepping up the building of socialist spiritual civilization and the building of a democratic legal system is a guarantee for quickening the pace of reform, expanding opening up, and expediting economic construction as well as the important objective of building socialism with Chinese characteristics. We must firmly adhere to the principle of "doing two types of work simultaneously." While attaching importance to economic construction and reform and opening up, we must crack down severely on all kinds of economic crimes and criminal activities and resolutely wipe out repulsive phenomena in society. We must diligently attend to government affairs, build an honest and clean government, and resolutely struggle against corrupt phenomena. We must stress avoiding "leftist" deviations and maintain sharp vigilance against bourgeois liberalization. We must really ensure that our minds are more emancipated, that we open wider to the outside world, that reform is deepened further, that management is stricter, and that laws and discipline are enforced more strictly.

### North Region

#### Beijing's Private Economy Developing Rapidly

OW1707090692 Beijing XINHUA in English  
0850 GMT 17 Jul 92

[Text] Beijing, July 17 (XINHUA)—Beijing's private economy has been developing rapidly after being at a low tide in the past few years.

According to an official of the Beijing Municipal Administration of Industry and Commerce, by the end of June this year, Beijing had 152,400 self-employed households, 11,600 more than the figure by the end of last year. The privately-run enterprises increased from 428 at the end of last year to 582 by the end of June this year, a 36 percent increase.

Beijing's municipal government has held a series of meetings to encourage the private economy in the first half of this year.

During the same period, the Industry and Commerce Administration departments have simplified the procedures for applying for business licenses of self-employed households and privately-run enterprises. In the past, it took about 30 days to get a business license while it only takes about seven days to obtain a license presently.

Beijing's municipal government also relaxed restrictions on the business scale, business style, business place and some other fields.

To boost the private economy, Beijing has speeded up the construction of free markets. Seventeen free markets have been built in the city's urban areas and outskirts. A

number of morning markets and night markets have been opened in the city in the past few months.

Though Beijing's private economy is developing at a faster speed, the self-employed workers only account for 3.2 percent of the total number of social laborers.

The Beijing municipal government has decided to take new measures to encourage the private economy.

It is expected that self-employed households will increase by 10 percent and privately-run enterprises by about 60 percent this year.

### Inner Mongolia Holds People's Congress Session

#### Zhou Weide Gives Economic Plan

SK1807004092 Hohhot NEIMENGGU RIBAO  
in Chinese 22 Apr 92 p 2

[Text] Zhou Weide, chairman of the autonomous regional planning commission, delivered a report at the fifth session of the seventh autonomous regional People's Congress [on 21 April] on the implementation of the 1991 economic and social development plan. He stated in his report: The people of various nationalities throughout the region better fulfilled the various tasks set in the 1991 economic and social development plan thanks to their earnest efforts in implementing the policies and measures of the CPC Central Committee, the State Council, and the autonomous region with regard to boosting the economy. The region's GNP reached 32.287 billion yuan, a 7.5 percent increase over 1990 calculated in terms of comparable prices, which exceeded the planned increase target of 3 to 4 percent. The actual strength of the region's economy was further reinforced, and the region's economy developed in a favorable trend.

Zhou Weide enumerated in his report the region's achievements in the following nine aspects: 1) The region's total agricultural output value reached 17.19 billion yuan, a 3.98 percent increase (calculated in terms of 1990 fixed prices) over 1990, in which the figure was also fairly high. The region's number of animals during the livestock fiscal year reached 55.68 million, which accounted for 103.3 percent of the plan, showed a 4.9 percent increase over 1990 and topped the previous peak. 2) The region's total industrial output value reached 30.992 billion yuan, an 8.1 percent increase over 1990, which exceeded the planned target of a 6 to 8 percent increase. The increase rate was four percentage points higher than in 1990. 3) The increase of the investment in fixed assets was very fast. The region invested 10.066 billion yuan in fixed assets, a 42.4-percent increase over 1990. In the year, the region completed and put into operation 1,043 capital construction projects and 904 projects involving renewal of equipment and other technical transformation measures, of which four were large and medium-sized projects. 4) The region's total retail sales reached 16.32 billion yuan, an 11.6 percent increase over 1990, which exceeded the

8 percent increase target set in the plan. The region maintained basic stability in the course of straightening out commodity prices. The region's retail price level showed a 4.5 percent increase over 1990, which was lower than the 6 percent target set in the plan. 5) The region's total volume of imports and exports reached \$600 million, a 23.9 percent increase over 1990. The region made new progress in utilizing foreign capital and signed 78 foreign fund utilization contracts worth \$1.23 billion. 6) The region scored 397 scientific research achievements in the year, an increase of 160 over 1990. Of these achievements, four won national prizes. Education in various categories and at all levels witnessed steady development. The educational structure was somewhat improved and the enrollment rate of school-age children reached 96.9 percent. 7) The volume of savings deposits in banks throughout the region reached 20.578 billion yuan in the year, a 21.3 percent increase over the figure calculated at the end of 1990. The savings deposits of urban and rural people reached 14.24 billion yuan, a 26.2 percent increase. The balance of various loans reached 32.685 billion yuan, a 19.8 percent increase over 1990. 8) Despite the poor economic results of enterprises and the many factors for revenue reduction and expense increase, the region realized 3.54 billion yuan in financial revenues (excluding the funds for building power facilities and the special revenues from social insurance funds), which is a 7 percent increase over 1990. The region's financial spending reached 6.41 billion yuan, a 6.8 percent increase over 1990. The 1991 per capita cost of living income of urban residents reached 1,177 yuan, a 12 percent increase over 1990. The total wages of staff members and workers reached 7.556 billion yuan, a 14.1 percent increase over 1990. The per capita wage of staff members and workers reached 2,012 yuan, an 8.99 percent increase over 1990, and the region's ranking in the country in terms of the per capita wage was raised. The per capita net income of peasants and herdsmen reached 652 yuan, a 1 percent increase over 1990. 9) The undertakings of culture, public health, physical culture and sports, radio and television broadcasting, public security, procuratorial affairs, court affairs, and judicial affairs showed further development. The region scored new achievements in family planning. By the end of 1991, the region's total population was 21,838,500 and its natural population growth was 9.8 per thousand, both of which were kept under set quotas.

In introducing the guiding ideology and opinions concerning the arrangements for the region's 1992 economic and social development plan, Zhou Weide said in his report: The year 1992 is a very crucial period for the autonomous region to fulfill the Eighth Five-Year Plan and to accelerate economic development. By firmly seizing the favorable opportunity presented by the relatively stable international climate, the accelerated pace of reform and opening up in the country, the border development strategy enforced by the central authorities, and the implementation of the spirit of the central nationalities work conference, we should concentrate

our efforts on boosting the region's economy, reinforcing the actual strength of the region's economy, and further upgrading the living standard of the people of various nationalities.

The region's guiding ideology in making arrangements for the economic and social development plan for 1992 is to uphold the party's basic line; to boldly emancipate our minds; to accelerate the pace of reform; to broaden the scale of opening up; to blaze a road for reform to promote the endeavor of opening up and for the endeavor of opening up to promote exploitation and development by relying on science, technology, and education; and to further liberate and develop social productive forces. Efforts should be made to place emphasis on shifting the enterprise mechanism, readjusting the economic structure, and increasing economic results so as to promote the sustained, stable, and harmonious development of the economy and various social projects.

In line with this guiding ideology, the initial arrangements for the economic and social development plan of 1992 are as follows:

On the basis that the structure is readjusted and economic efficiency increased, GNP should show a 7 percent increase over 1991, and the region should strive for an increase of 8 percent or more. Localities where conditions permit should strive for an even higher increase.

In agricultural and animal husbandry production, the total agricultural output value should show a 3 percent increase over 1991; the output value of township enterprises should show a 25 percent increase; the per capita net income of peasants and herdsmen should surpass 700 yuan; and the number of animals during the livestock fiscal year should reach 55.4 million.

In industrial production, both the region's total industrial output value and its output value accumulated from sales should show an increase from 8 to 10 percent over 1991. Both the income from sales and the profits and taxes to be handed over to higher authorities should show a more than 7 percent increase over 1991, and industrial enterprises should strive for an even higher increase. Losses caused by poor management should show a decline of more than 30 percent from 1991. The irrational overstock of products of enterprises should show a 33 percent decrease from the amount in 1991.

In the undertakings of communications, transportation, and post and telecommunications, the volume of railway and civil air transportation should be further increased; the volume of goods transported along highways should show a 7.3 percent increase over 1991; and the total volume of postal and telecommunication services should show a 9.3 percent increase.

In the investment in fixed assets, the investment in local fixed assets is initially arranged at 4.8 billion yuan, a 33 percent increase over the amount arranged at the beginning of 1991.

In markets and commodity prices, the total retail sales of commodities should show a 12 percent increase over 1991, and the general retail price index should be controlled at about 6 percent.

In foreign trade and economic and technical exchanges, the region should strive to realize \$70 million in the total volume of imports and exports, which is a 17 percent increase over 1991, a year in which a fairly high volume was registered. The region should introduce \$139 million in foreign capital in the year, which will chiefly be used in the key projects of Hetao irrigation area, Jining-Tongliao Railway, Neimenggu fertilizer plant, and Jilantai soda plant.

In science, technology, and education, the region has planned to make arrangements for 35 projects to tackle key scientific and technological difficulties. The ordinary higher educational institutions in the region will enroll 9,200 students; the adult schools with college courses will enroll 6,730 students; the secondary specialized schools will enroll 16,000 students; and the skilled workers schools will enroll 9,000 students.

In family planning work, the region should further implement the policies, laws and regulations, and measures of bringing the population under control. It should strive to keep the annual natural population growth within 13.85 per thousand.

### **Bao Wenfa Gives Financial Report**

SK1707232792 Hohhot NEIMENGGU RIBAO  
in Chinese 22 Apr 92 p 2

[Text] Bao Wenfa, director of the autonomous regional financial department, delivered a report on the final accounts of 1991 and the draft budget of 1992 at the fifth session of the seventh autonomous regional People's Congress on 21 April. He said in his report: Under the leadership of the CPC Central Committee, the State Council, and the autonomous regional party committee, various localities and departments and the people of various nationalities across the region further consolidated the political situation of stability and unity by continuously and unswervingly implementing the party's basic line and earnestly carrying out the tasks adopted at the fourth session of the seventh autonomous regional People's Congress. The region's economy made new headway in the course of improving the economic environment, rectifying the economic order, conducting reform, and opening to the outside world. Based on these achievements, the region's implementation of its financial revenue and spending budget was, on the whole, fine.

According to a formal summary of the final accounts, the region's actual amount of local revenues was 3.54 billion

yuan in 1991, equivalent to 107 percent of the annual target and showing an increase of 10.4 percent, or 330 million yuan, over 1990. Excluding the refund to foreign trade enterprises to cover their deficits, which the state had abolished, normal revenues grew by about 7 percent in term of comparable standards. The region's actual amount of expenditures was 6.41 billion yuan, which accounted for 93.4 percent of the adjusted annual budget and showed an increase of 410 million yuan, or 6.8 percent, over 1990.

General outcomes from implementing the 1991 financial revenue and spending budget showed that revenues surpassed the fixed target, and that the expenditure did not surpass the budget. This plus the financial subsidies from the central authorities enabled the region to achieve a financial balance with a little surplus.

Difficulties and contradictions were numerous last year when financial departments at all levels throughout the region were implementing the budget. In such a situation, in order to ensure the fulfillment of the tasks set forth in the budget and realize a financial balance, the autonomous regional people's government organized various localities, departments, industries, and trades to do a good job particularly in the following aspects: 1) Efforts were made to support state-run large and medium-sized enterprises to promote technical progress successfully. 2) Continuous efforts were made to help banners and counties develop the economy to reinforce the financial strength at the county and township levels. 3) Efforts were made to tap the potential of increasing incomes and to actively organize financial revenues. 4) Efforts were made to readjust the structure of fund distribution to ensure the needs of key expenses. 5) Efforts were made to further reform and improve the budget management method and to enhance the building of the legal system in financial and tax affairs.

Speaking on the arrangements for the 1992 financial budget, Bao Wenfa said in his report: The guiding ideology and principle for making arrangements for the 1992 financial budget are to vigorously support reform and opening up, use reform and opening up to promote the rapid development of the national economy, and strengthen financial resources; to actively support state-run large and medium-sized enterprises to make improvement, change their internal managerial mechanism, readjust their product mix, and increase their economic results; to further enhance the investment in agriculture, animal husbandry, science, and education, strengthen fund management, and promote the overall development of the economy, science, and education in rural and pastoral areas; to uphold the principle of managing financial affairs in accordance with the law, enhance budget management, bring all positive factors into play, and vigorously tap potential and block loopholes to ensure the stable increase of financial revenues; and to wage arduous struggle, build up the country through thrift and hard work, strictly control and curtail spending, and vigorously upgrade the efficiency in fund utilization.

In line with the aforementioned guiding ideology and principle, the 1992 financial revenues and expenditures are arranged as follows:

The region's total local financial revenues are 3.65 billion yuan, a 5.1 percent increase over 1991 calculated in terms of comparable standards. The essential breakdown is as follows: Industrial and commercial taxes are 3.235 billion yuan; agricultural and animal husbandry taxes, the taxes on special agricultural and forestry products, and the taxes on farmland utilization total 215 million yuan; the income tax and regulating tax of state-run enterprises and the profits of state-run enterprises to be turned over to higher authorities, which are refunded to the enterprises which overfulfill their contracted profit quotas, total 436 million yuan; the planned subsidies to cover the deficits of money-losing state-run enterprises are 485 million yuan; the local retention of the state funds for key energy and communications projects and the state budget regulating funds is 115 million yuan; and education funds and additional special revenues total 40 million yuan.

The region's total local financial expenses are 6.12 billion yuan. Of the total, the expenses transferred from 1991 or arranged with the 1991 surplus are 735 million yuan; and those arranged at the beginning of this year in line with the available financial resources are 5.385 billion yuan. Calculated in terms of comparable standards, expenditures have increased 273 million yuan, or 5.3 percent, over the allocated budget at the beginning of last year.

#### **Tianjin's Economy in First Half of 1992 Reviewed**

OW2007085192 Beijing XINHUA in English  
0841 GMT 20 Jul 92

[Text] Tianjin, July 20 (XINHUA)—With the implementation of a number of new measures for reform and opening more to the outside world, Tianjin's economy has been developing at a faster speed in the first six months of this year.

In the first half of this year, the output value of the gross national product reached 18 billion yuan, 7.6 percent over the figure in the same period last year. The development speed is apparently faster than that of the past two years, faster than the average speed in the 1980s as well.

The city's production output, sales value and profits increased during the same period.

In the first half this year, the production output value of the city's 494 large- and medium-sized enterprises was 12.5 percent more than the figure of the same period last year.

The sales value of the city's industrial products has come to about 31.1 billion yuan, 16.7 percent more than the figure of last year's same period. The growth rates of

output value and sales value in the first half this year are the record numbers in the past decade.

During the same period, the output value of the city's farm products reached 2.25 billion yuan, 3.7 percent more than the figure of last year's same period.

The summer grain output has come to 620 million kilograms, equal to last year's record number. According to a sample survey, the average Tianjin farmers' income from selling farm products was about 226 yuan in the first half of this year, 14.4 percent more than the same period last year.

During the same period, the city's investment in fixed assets of state run enterprises came to 3.85 billion yuan, 43.7 percent more than the same period last year. The city has also speeded up its construction of major projects and technical upgradings.

With the further implementation of opening to the outside world policy, the output value of export products has totalled 915 million U.S. dollars, 5.6 percent higher than the last year's same period.

In addition, 417 Sino-foreign joint ventures have been granted the right to establish in the first half of this year, 1.9 percent more than last year's same period. This also exceeds the total number last year. The contracted value of foreign investment has reached 488 million U.S. dollars.

In the first six months this year, the municipal revenue came to 2.39 billion yuan, 12.1 percent higher than the figure of the same period last year.

### Northeast Region

#### Northeast China Holds Radio Propaganda Meeting

SK1707001592 Harbin Heilongjiang People's Radio Network in Mandarin 1000 GMT 15 Jul 92

[Text] The fifth radio propaganda cooperation conference of the broadcasting stations of the three northeast China provinces concluded in Jilin's Baicheng city this afternoon. The conference opened in Changchun city on 9 July.

Delegates to the conference held that China's current reform, opening up, and economic construction face a golden opportunity and that the major trend of reform and opening up will bring new vitality to radio broadcasting. Radio broadcasting, as an important mass medium, has entered a new period for development. We should not let this opportunity slip away.

Participants from the broadcasting stations of Liaoning, Heilongjiang, and Jilin Provinces maintained: We should seize this historical opportunity to further emancipate our minds, accelerate the reform of radio propaganda and the reform of broadcasting stations themselves, take advantage of the situation to advance, and make concerted efforts to bring the radio propaganda of

the broadcasting stations of the three northeast China provinces up to a new stage.

Broadcasting stations of the three northeast China provinces made a decision at the conference to cooperate in news, literary and art, and special programs and in technical work.

#### Heilongjiang Farmers Leave To Work in CIS

OW1607083692 Beijing XINHUA in English 0824 GMT 16 Jul 92

[Text] Beijing, July 16 (XINHUA)—More and more farmers from northeast China's Heilongjiang Province are leaving their native soil to work abroad.

During the first six months of this year more than 13,000 people from Heilongjiang's countryside went to engage in agricultural production or construction in neighboring Russia and other states of the Commonwealth of Independent States (CIS).

Since 1989 the province has been sending over 10,000 farmers to work in the CIS each year.

In the past, Chinese farmers usually bartered farm products with CIS states for chemical fertilizer and timber. Now, CIS states have invited Chinese farmers to give technical guidance in agricultural production.

Chinese farmers cultivate vegetables, water melons, fruits, and grain and oil-bearing crops, as well as engage in construction.

Mudanjiang city's International Economic and Technical Co-Operation Company has signed a contract with Primorski Kray of Russia to cultivate over 1,000 ha [hectare] of farmland.

Since 1990 the Heilongjiang Eastern Enterprises Company (Group) has sent construction teams of 1,000 people each to help build residential areas, office buildings and hotels in the far eastern areas of Russia.

Border trade in the province has also made progress. Mudanjiang city has set up 63 border trade companies in border towns. They transacted a total of 38 million yuan (about 7.6 million U.S. dollars) in such trade in the first six months of this year, 3.4 times the figure for the same period of last year. Moreover, their export commodities have been expanded to 68 types, 30 more than the figure for last year.

#### Heilongjiang Exchanges Sugar With CIS

SK1507135592 Harbin HEILONGJIANG RIBAO in Chinese 16 May 92 p 1

[By reporter Fan Xinzhu (5400 2956 4554): "Sugar Refineries in the Province Exchange Sugar for Commodities with the CIS"]

[Text] From 3 to 15 May, eight sugar refineries and sugar refining industrial companies in the province were given

the prerogative to deal in border trade on a commission basis. Of them, four sugar refineries signed contracts with the CIS to exchange approximately 10,000 tons of sugar for commodities. The first shipment of staple sugar will be transported to the CIS states in June. In the near future, various other provincial sugar refineries will also be given the prerogative to deal in border trade on a commission basis.

During this sugar production period, the province is expected to produce 700,000 tons of sugar. By the end of April, the province had already produced 630,000 tons of sugar, thus sugar is ample. However, the sugar on the CIS market is seriously deficient. In order to broaden the sugar marketing channel, the provincial government, in a 3 May meeting at the governor's office, decided that the provincial foreign economic relations and trade commission and the provincial border trade bureau should give the provincial sugar refining industrial company and various sugar refineries the prerogative to deal in border trade on a commission basis. The sugar refineries enjoying the prerogative may directly deal in the import and export business on a commission basis in order to promote the sugar barter trade. The provincial government has already approved an increase in the variety of commodities to be imported in exchange for sugar; these imported commodities will be managed by the provincial sugar industrial companies in a unified manner, with all of the profits being returned to the sugar-exporting enterprises in compensation for the losses caused by the low price of exported sugar.

Since the 3 May meeting at the governor's office, the provincial border trade bureau, the provincial industrial and commercial bureau, the provincial commodity inspection bureau, the provincial commodity prices bureau, and the Harbin Railway Bureau have rapidly implemented this decision; the provincial border trade bureau and the provincial sugar refining industrial company have cosponsored an on-the-spot office meeting to implement this decision; and some sugar refining enterprises have contacted approximately 20 border trading companies and have decided to dispatch, in the near future and in conjunction with some sound border trading companies, some high-level delegations to the CIS and East European countries to promote sugar sales. The sugar refineries already enjoying the prerogative have conducted the exchange of sugar for commodities with the CIS states as quickly as possible. It has been learned that the Youyi Sugar Refinery, the Hongguang Sugar Refinery, and the Baoqing Sugar Refinery have already signed contracts with some CIS states to exchange 10,000 tons of sugar for commodities. In addition, Acheng Sugar Refinery has established a trade

company in Dongning County especially to take charge of the trade of exchanging sugar for commodities with the CIS states.

#### **Central Leaders, Quan Shuren at Jinxi Trade Fair**

*SK1707024392 Shenyang Liaoning People's Radio Network in Mandarin 1030 GMT 15 Jul 92*

[Summary] The first seaside festival sponsored by Jinxi city opened ceremoniously on 15 July. "More than 2,000 people, including leading comrades such as Liao Hansheng, vice chairman of the National People's Congress Standing Committee; Yang Dezhi and Wang Ping, members of the Standing Committee of the Central Advisory Commission; Ma Wenrui, vice chairman of the National Chinese People's Political Consultative Conference Committee; Quan Shuren, secretary of the Liaoning Provincial CPC Committee; Yue Qifeng, governor of Liaoning Province; and Wang Guangzhong, chairman of the provincial People's Congress Standing Committee; as well as domestic and foreign visitors, attended the opening ceremony." After the opening ceremony, all participating personnel and viewers were invited to visit the commodity exhibition. Domestic and foreign businessmen held economic and trade talks, at which scientific and technological results were exchanged. A folk arts performance was given, and group tours were available. The festival will end on 19 July.

#### **Dalian Certifies Foreign-Funded Enterprises**

*OW1407090592 Beijing XINHUA in English 0744 GMT 14 Jul 92*

[Text] Dalian, July 14 (XINHUA)—The Dalian city Administration of Industry and Commerce issued business certificates to some 178 foreign-funded enterprises during the first half of 1992.

The new enterprises required a total investment in excess of 286 million U.S. dollars.

At present, the city has over 1,000 foreign-funded enterprises, with total investments of over 2.46 billion U.S. dollars.

An official from the local government said the enterprises include 710 joint-ventures, 171 Sino-foreign cooperative ventures and 119 solely foreign-funded ventures.

Dalian has attracted investments from 33 countries and regions, including Japan, the United States, South Korea and Hong Kong.

According to the official, most of the newly registered enterprises are engaged in new and high-tech industries.

**Niger To Clarify Position on Ties With Taiwan**

OW1707210792 Taipei China Broadcasting  
Corporation News Network in Mandarin 2300 GMT  
16 Jul 92

[From the "Hookup" program]

[Text] What exactly is the state of our country's relations with Niger? According to the latest information obtained by the Foreign Ministry last night [16 July], after Tu Leng, head of its African Affairs Department, contacted Niger Prime Minister Cheiffou by telephone, it was understood that the prime minister had denied foreign press agency reports concerning the remarks made by Li Chao-hsing [Li Zhaoxing], Communist China's assistant foreign minister. Cheiffou reiterated and insisted that his country would restore diplomatic ties with our country.

The Niger Government and our country had agreed on the issuance of a communique yesterday [16 July] afternoon in Niger to clarify the text of the statement on the restoration of diplomatic ties between the two countries. In contacts with Tu Leng yesterday, Cheiffou said that the communique would be issued as scheduled. Nevertheless, before a written communique is published, the Foreign Ministry still has some reservations as to whether there will be a wavering in Niger's stance.

In the wake of an AFP dispatch citing a NIGER PRESS AGENCY report quoting Li Chao-hsing as saying that Niger would no longer recognize Taiwan, the Foreign Ministry immediately instructed Tu Leng, who is currently in Niger, to verify the foreign press agency report. After telephone contacts with Cheiffou, Tu Leng said: The Niger Prime Minister denied foreign press agency reports on Li Chao-hsing's remarks, and said that a communique would be issued on the afternoon of 16 July Niger time—as agreed upon with our country—to explain and clarify the text of the statement. Once Niger issues the communique clarifying the text of the statement on the restoration of diplomatic ties between our country and Niger, the Foreign Ministry officials currently in Niger will immediately present a copy of credentials to the Niger Government and proceed with establishing an embassy.

Meanwhile, the Foreign Ministry added: Because of the official NIGER PRESS AGENCY's erroneous report on Communist Chinese Foreign Minister Chien Chi-chen [Qian Qichen] visiting Niger and meeting Prime Minister Cheiffou, which was distributed widely in the western African region, people in our country were taken to believe that Chien Chi-chen would visit Niger. The Foreign Ministry learned on the evening of 15 July that the correct report should be: Communist Chinese assistant foreign minister Li Chao-hsing, the director of the general office of the Communist Chinese Foreign Ministry, and another ministry official left Abidjan for Niger at noon 11 July. Qian Qichen did not visit Niger.

**Niger Premier Delays Statement**

OW1807104892 Taipei China Broadcasting  
Corporation News Network in Mandarin 2300 GMT  
17 Jul 92

[From the "Hookup" program]

[Text] Under the circumstances of a small number of people in Niger being opposed to the restoration of diplomatic relations between China and Niger, Niger Prime Minister Cheiffou has expressed the hope that our country will give him a few more days time. In a few more days he will, after the situation has stabilized, issue a statement to clarify the rumors.

It has been learned that the Chinese and Niger sides originally agreed that Niger would issue a statement to clarify the rumors on 16 July, but the Niger government did not take any action on 16 July. Cheiffou told Tu Leng [head of the Foreign Ministry's African Affairs Department] that he will issue a statement to openly clarify all misgivings, but he asked for our understanding and expressed the hope that we will give him a few more days time. He also told Tu Leng that he hoped public opinion in Taiwan would calm down and give Niger time to work things out.

**Cross-Straits Relations Statute Approved**

OW1707090892 Taipei CNA in English  
0801 GMT 17 Jul 92

[Text] Taipei, July 17 (CNA)—The Legislative Yuan, after long deliberation, finally passed the statute governing the relations between the people on Taiwan and in Mainland China last night.

The six-chapter, 96-article statute was approved after four sessions of the Legislative Yuan during which lawmakers have discussed details and proposed a record number of changes to the draft.

The statute, which deals with almost all aspects of civilian exchanges before Taiwan and the mainland are reunified, provides a legal basis for the government to open direct commercial and transportation links with the mainland in the future.

The law is expected to facilitate exchanges across the Taiwan Straits and strengthen cross-strait ties after four decades of separation.

On the other hand, the government will have a legal tool to regulate commercial and other exchanges between the two sides when they get "overheated."

Under the law, businessmen who invest on the mainland without government approval could be fined between NT [New Taiwan] \$3 million and NT\$15 million (US\$120,000-600,000).

P.K. Chiang, vice economic affairs minister, said the law will make the government's trade and economic policy toward the mainland more efficient.

### SEF To Inform Mainland of Statute

OW1807082492 Taipei CNA in English  
0752 GMT 18 Jul 92

[Text] Taipei, July 18 (CNA)—The Mainland Affairs Council [MAC] will ask the Straits Exchange Foundation [SEF] to send to Peking [Beijing] a copy of the statute governing relations between the people on Taiwan and in Mainland China, MAC Vice Chairman Ma Ying-jeou said Friday.

Ma hoped that the statute, which governs civil and criminal affairs before the country is reunified, will be made known to mainland Chinese.

He also hoped that Peking will reciprocate Taipei's sincerity in promoting cross-strait exchanges.

After the statute is promulgated, SEF will seek agreements with Mainland China on document verification, crime prevention, and the protection of intellectual property rights, Ma pointed out.

He added that Peking also needs to demonstrate its good will by signing accords with Taipei to protect Taiwan investments and to settle trade disputes.

The MAC vice chairman said that while drafting the law, the government had taken into account the opinions of mainland scholars.

The Peking leadership, however, declined to comment on the legislation probably because of its "one country, two systems" stance, he noted.

The Justice Ministry and other government agencies will jointly map out rules to enforce the statute, which passed the Legislative Yuan July 16.

The rules, after being approved by the Executive Yuan, will become effective within two months after the president promulgates the law.

MAC Chairman Huang Kun-hui said the statute symbolizes a national consensus on the government's mainland policy.

The enactment of the law also indicates that both Taiwan independence and the idea of "one country, two systems" are unwelcome, Huang said.

With the passage of the law, cross-strait ties have transformed from "military confrontation" and "peaceful stand-off" to "civilian exchanges," the MAC chief said.

He commented that the law will institutionalize cross-strait exchanges, thereby laying a solid foundation for the eventual unification of the country.

### Firms Urged To Report Mainland Investments

OW1807082692 Taipei CNA in English  
0802 GMT 18 Jul 92

[Text] Taipei, July 18 (CNA)—Vice Economic Affairs Minister P.K. Chiang Friday urged local companies to register their mainland investments with the government within the next three months to avoid being penalized.

Under the newly passed statute governing the relations between the people on Taiwan and the mainland, businessmen who invest on the mainland without government approval could be fined between NT [New Taiwan] \$3 million and NT\$15 million (US\$120,000 - US\$600,000).

Chiang said the government offers a three-month "grace period" for those companies that have not yet honestly reported their mainland business concerns to the Economics Ministry.

"Any company failing to register their existing mainland investments to the ministry within the grace period will be fined according to the law," Chiang stressed.

The government currently allows local enterprises to make indirect investments on the mainland for manufacturing some 3,700 kinds of merchandise.

Official tallies show that 2,582 Taiwan companies had legally registered their mainland investments by the end of April, with an aggregate capital of US\$837 million.

Chiang said some 1,000 local firms might have failed to faithfully reported their mainland ventures to the government as statistics released by Peking [Beijing] authorities show that more than 3,800 Taiwan firms have funneled at least US\$3.43 billion into the mainland for various investment projects during the past few years.

Chiang said the heavy fines set for violators of the statute signify the government's determination to guide cross-strait trade and economic relations onto the right track.

He reported that his ministry is drafting detailed regulations governing trade, investment and technical cooperation across the Taiwan Straits in accordance with the newly passed statute.

"The proposed regulations will facilitate the enforcement of the new statute," Chiang noted.

He pledged that the government will help law-abiding businessmen tide over difficulties in doing business on the mainland. The ministry will also provide legal counseling and market information services for cross-strait traders, he added.

### Permits To Be Required for Mainland Investments

OW2007095092 Taipei CNA in English  
0904 GMT 20 Jul 92

[Text] Taipei, July 20 (CNA)—The government will soon map out new rules on making indirect investments

on the China mainland, officials of the Ministry of Economic Affairs reported over the weekend.

They said the ministry will hold Monday a meeting on government permission to make indirect investments on the mainland.

Under the newly passed "Statute Governing Relations Between the People on Taiwan and the China Mainland," the government needs to work out new rules governing the permission. The new law will replace the current "Guidelines Governing Indirect Investment on and Technical Cooperation With the China Mainland," the officials said.

They said investors, who have not registered their mainland investments with the ministry, must do so within the next three months, otherwise they will be penalized in accordance with the new law.

#### Minister on Liberalizing Mainland Investments

OW1707085492 Taipei CNA in English  
0806 GMT 17 Jul 92

[Text] Taipei, July 17 (CNA)—The government will consider allowing domestic producers to manufacture more kinds of merchandise on the China mainland, Economic Affairs Minister Hsiao Wan-chang said Thursday.

Currently Taiwan producers are allowed to make indirect investment on the mainland for producing 3,737 kinds of merchandise.

He said the government will probably allow producers of cement, certain kinds of petrochemicals, and other products to invest on the mainland on a case-by-case basis. The government will continue to ban high-tech industries to invest there, he added.

A proposal to further liberalize the control on investment in Mainland China will be discussed in September at an Executive Yuan meeting on mainland affairs, he said.

#### New Regulations for Mainland Visits Coming Soon

OW2007093592 Taipei CNA in English  
0856 GMT 20 Jul 92

[Text] Taipei, July 20 (CNA)—Republic of China [ROC] citizens wishing to visit the Chinese mainland will have to apply for permission from the Bureau of Entry and Exit after relevant new regulations come into force in the near future.

Liu Feng-tsun, director of the bureau said the new regulations will replace the old ones, under which the citizens need only make their visits to the mainland known to the government.

Statistics compiled by the Mainland Affairs Council show that the citizens have made some 3 million visits to the mainland since the government lifted the ban on

mainland trips in 1987. Yet, no more than one fifth of them have been made known to the Bureau of Entry and Exit, he said.

#### Official Says Mainland May Ease Import Controls

OW1707090092 Taipei CNA in English  
0816 GMT 17 Jul 92

[Text] Taipei, July 17 (CNA)—Mainland China may gradually ease import controls now that it has enjoyed huge surpluses in its foreign trade in recent years, a ranking official said Thursday.

Huang Kun-hui, chairman of the Mainland Affairs Council (MAC), said the mainland registered a trade surplus of US\$8.71 billion in 1990 and US\$8.12 billion last year.

Barring unexpected grave setbacks, Huang said, mainland's trade surplus will increase further in the years ahead and its foreign exchange reserves will continue to grow accordingly.

With its financial situation improving, Huang said, Mainland China may open its doors wider to foreign imports. "This will be a boon to foreign traders," the MAC head noted.

Huang urged Taiwan businessmen to cash in on mainland's current economic boom to make inroads into its vast inland markets.

Huang, however, cautioned that an economically strong Mainland China may not be as eager as it was in attracting Taiwan investors. In the past, Peking [Beijing] offered many incentives to entice Taiwan investors to help develop its backward light industries. With its foreign exchange reserves rising, Huang said, the mainland may go back on its previous promises and take a tougher stance on cross-straits exchanges. "We'll keep close watch to detect any changes in Peking's Taiwan policy," he added.

#### New Taiwan Dollar Is 'Star Currency of World'

OW2007093792 Taipei CNA in English  
0838 GMT 20 Jul 92

[Text] Taipei, July 20 (CNA)—The New Taiwan [NT] dollar has emerged as a "star" currency of the world, as its value against the US dollar climbed 4.04 percent in the first half of the year, according to the government's top economic planning agency Sunday.

The Council for Economic Planning and Development (CEPD) said that the exchange rate between the national currency and the greenback averaged 25.12:1 from January to June, an impressive 9.7 percent advance from a year before.

Other major currencies rising against the US dollar included the British pound, the French franc, the Singapore dollar, the Hong Kong dollar, and the Japanese yen which went up 1.54 percent, 1.28 percent, 1.39 percent,

1.02 percent, and .86 percent respectively in the first six months of the year, the council pointed out.

In the same period, the CEPD reported, the Swiss franc declined 2.7 percent against the US currency. The Canadian dollar and the Australian dollar also fell 4.4 percent and two percent in their respective value against the greenback.

The CEPD called special attention to the big increase in the NT dollar's value against the Korean won. Council tallies show that the national currency rose 8.44 percent against the Korean currency in the first half of the year. The NT dollar has appreciated 19.35 percent against the South Korean currency since January 1991.

As Taiwan and Korea have been foreign trade rivals for years, the CEPD said, it will closely watch the exchange rates of the two national currencies.

#### **Investing in Foreign Currencies Not Recommended**

OW2007093392 Taipei CNA in English  
0841 GMT 20 Jul 92

[Text] Taipei, July 20 (CNA)—It is not a good time to make investments in foreign currencies at the moment, the Central Trust of China (CTC) said over the weekend.

The government's financial institution said it would be difficult for investors to make profit from the difference between exchange rates, as there is little room for the New Taiwan dollar to depreciate in the days ahead.

The US dollar fell against most currencies on world money markets after the German Central Bank on Thursday raised its discount rate by .75 percentage point to 8.75 percent. But the CTC thought the greenback's declining trend will stop soon. "The US currency will have mixed performance," it said.

The financial institution saw little possibilities that the German mark will hit a new high in the near future, because both the mark's value and Germany's interest rates are now at the highest levels of the year.

The CTC said the time is also not ripe to invest in the Japanese yen, because the interest rates of the currency are low and the Japanese economy is stagnant.

World money trading is usually light in summer and the fluctuations of major currencies are therefore smaller, it noted.

#### **French Ex-Premier Visits; Arm Sales Link Denied**

OW1807084792 Taipei CNA in English  
0816 GMT 18 Jul 92

[Text] Taipei, July 18 (CNA)—Former French Prime Minister Michel Rocard is scheduled to arrive here next Thursday for a four-day visit.

While here, Rocard will visit a number of government leaders.

Foreign Ministry officials denied news reports that his visit is related to arms sales.

Rocard served as French prime minister from 1988 to 1991. He is scheduled to leave here July 26.

#### **Taipei-U.S. Economic Consultations Set for August**

OW1707085192 Taipei CNA in English  
0751 GMT 17 Jul 92

[Text] Taipei, July 17 (CNA)—The next round of Sino-US economic and trade consultations will be held in Taipei in late August, an official of the Board of Foreign Trade said Thursday.

The consultations will center on the protection of American patents for medicines and agricultural chemicals in Taiwan.

In consultations held in Washington in May, the two parties agreed that they should meet once in every three months to review Taiwan's performance in protecting American intellectual property rights.

#### **Investment Pact With South Africa Approved**

OW1707085292 Taipei CNA in English  
0753 GMT 17 Jul 92

[Text] Taipei, July 17 (CNA)—The Executive Yuan approved yesterday the Sino-South African Investment Cooperation Agreement signed last November in Taipei.

The agreement provides a basis for the promotion of closer cooperation. The two countries will exchange information about the investment climates and incentives of the two countries. Special commissions will also be set up to study the feasibility of promoting technological transfer between the two countries.

#### **Statute on Pratas, Spratlys Islands Passed**

OW1707090492 Taipei CNA in English  
0757 GMT 17 Jul 92

[Text] Taipei, July 17 (CNA)—The Legislative Yuan Thursday passed the statute governing the security on Kinmen, Matsu, Tungsha (Pratas) and Nansha (Spratlys) Islands.

The statute provides that Kinmen and Matsu Islands, off Mainland China's Fujian Province, should open up to tourists gradually.

The temporary martial law imposed on the two island groups since May 1 last year will be lifted, and self-government will be implemented when the law becomes effective.

The law will go into force three months after it is promulgated, according to a Legislative Yuan resolution.

People still must apply for permits to travel to and from Kinmen and Matsu; violators could be punished with one-year imprisonment.

People on the islands have the rights to hold assemblies and demonstrations on condition that they do not endanger military security there. Violators could be sentenced to a maximum of two years in jail.

#### **President Li Speaks to Local Government Leaders**

*OW1807082792 Taipei CNA in English*  
0808 GMT 18 Jul 92

[Text] Taipei, July 18 (CNA)—“Has our quality of life improved in proportion with the per capita income increase in recent years?” President Li Teng-hui asked Friday.

Speaking to ranking provincial government officials at Chung Hsing new village in Taichung, central Taiwan, the president also asked: “have we improved our administrative efficiency to meet the growing needs of our people?”

Stressing the importance of local governments, Li said the foremost priority work of the government is to better the people's quality of life while increasing their wealth.

“Without local government implementation of major policies, all our reform programs will go nowhere,” he added.

Li pointed out that education plays a critical role in improving the living environment.

“We must no longer use old methods to educate our young. We must inherit what is good and beautiful in our tradition,” he said.

In addition to being good private citizens, they should be taught to shed their selfish ideas and encouraged to play their roles well in their communities, the president added.

He then instructed provincial government officials to work out measures to help the aborigines improve their livelihood.

He was surprised to hear that the average life expectancy for male aborigines is only 58 years, compared with 75 for Taipei males; and 64 years for female aborigines against 79 in Taipei.

The president was further saddened by the report that the aboriginal people's average income is but 43 percent of other citizens.

On agriculture, Li said the government should gradually reduce protection of the farming industry and make good use of the rural resources.

The president, himself an agronomist, said that unused rural lands could be used to build residential houses to help relieve housing problems.

## Hong Kong

### Li Peng Encourages Business With Hong Kong

OW1707134892 Beijing XINHUA in English  
1324 GMT 17 Jul 92

[Text] Beijing, July 17 (XINHUA)—Chinese Premier Li Peng met and had a cordial talk with Peter K.C. Woo [name as received], chairman of Wharf (Holdings) Ltd of Hong Kong, and his party at the state guesthouse here this evening.

Woo, also son-in-law of the late noted Hong Kong Entrepreneur Sir Yue-Kong Pao, is here at the invitation of the Hong Kong and Macao Affairs Office under the State Council to discuss with the relevant departments new areas for economic co-operation between the Chinese Mainland and Hong Kong.

During the meeting Li said more Hong Kong entrepreneurs are welcome to come to the mainland for investment and development projects so as to further expand economic and technological co-operation and trade between the two.

He said, "The plan to open and develop China's coastal border areas as well as areas along the Yangtze River has a bright prospect."

Strengthened co-operation between the mainland and Hong Kong will benefit both sides by not only promoting the mainland's economic growth, but also by promoting Hong Kong's prosperity and stability, he said.

Li expressed the hope that Hong Kong entrepreneurs would continue to play a positive role in this regard.

After the meeting Li gave a dinner in honor of Woo and his party.

Present at the meeting were director of the Hong Kong and Macao Affairs Office under the State Council Lu Ping, Minister of Communications Huang Zhendong and secretary of the Shenzhen city committee of the Chinese Communist Party Li Hao.

Vice Premier Zou Jiahua also met with Woo and his party this afternoon.

### Jiang Zemin Meets Hong Kong Democratic Alliance

OW2007104092 Beijing XINHUA in English  
1024 GMT 20 Jul 92

[Text] Beijing, July 20 (XINHUA)—Chinese Communist Party General Secretary Jiang Zemin met here this afternoon with a delegation from the Democratic Alliance for Betterment of Hong Kong, which is led by its Chairman Tsang Yok-sing.

Director Lu Ping of the Hong Kong and Macao Affairs Office under the State Council was present at the meeting.

### China 'Admonishes' Hong Kong Official on Remarks

HK2007030292 Hong Kong SOUTH CHINA  
MORNING POST in English 20 Jul 92 p 1

[By political staff]

[Text] China yesterday hit back at Hong Kong's criticism over negotiations on the airport financing package by admonishing the Chief Secretary, Sir David Ford, for unilaterally disclosing what had been discussed in the closed-door session.

The Department Director of the Hong Kong and Macao Affairs Office State Council, Mr Wang Fengchao, said in Beijing the remarks were regrettable.

Without naming Sir David, Mr Wang said: "I personally believe the Sino-British airport talks should be conducted in a cordial atmosphere. But the British Hong Kong officials have unilaterally announced content of the discussion.

"This will easily stir up controversy. Once controversy is created, it will not be easy to create a cordial atmosphere.

"I express regret over this."

Mr Wang said it was "inappropriate" for any Hong Kong British Official to disclose details of the talks.

Sir David revealed to a public conference last Friday that China suggested that Hong Kong should go ahead with the airport platform contract in advance of a full agreement on the financial plan for the Provincial Airport Authority.

Noting that a piecemeal approach was not acceptable, Sir David said Hong Kong had instead asked that the issues concerning the airport itself be cleared up before the two sides tackled the more tricky problems of the airport railway.

Mr Wang said the Chinese side would comment on the incident at an appropriate time but noted that it would not affect the coming airport talks.

When asked if China planned to hold back the decision until the policy speech of the Governor, Mr Chris Patten in October, Mr Wang said: "We want to settle the problem as soon as possible."

He said it was difficult to tell if any decision would have to wait until October when pressed further by the media.

He said the Sino-British memorandum on the airport projects had already specified the airport committee as the appropriate venue for discussion on airport related issues.

Mr Wang made the remarks in greeting a 21-member delegation from the territory's first pro-China political party, the Democratic Alliance for Betterment of Hong Kong.

The party chairman, Mr Tsang Sok-sing said the airport finance and the 1995 electoral arrangement for the

legislature would top their agenda with Chinese officials including Mr Lu Ping who heads the Hong Kong and Macao Affairs Office.

Speaking before the departure for the four-day visit yesterday, Mr Tsang said an international body should be commissioned to scrutinise the financial arrangements for the airport projects.

There should be a cap on spending so that the mammoth projects would not become a bottomless pit and trigger inflation.

Mr Tsang said it was too early to tell if they would bring back messages from Beijing for Mr Patten, whom they would meet on Thursday, a day after their return to the territory.

Chinese Vice-Premier Mr Tian Jiyun turned down a request by Mr Patten to meet him during his three-day private visit in Hong Kong.

The Governor's private secretary, Mr Richard Hoare, said yesterday that Mr Tian "did not want any official session during his private visit".

The proposal was made a few days ago, according to Mr Hoare, who did not disclose the proposed agenda of the meeting.

Mr Tian, who stopped in the territory from a promotion tour to Barcelona last week, was the most senior Chinese Government official to visit Hong Kong since Mr Patten took office.

Accompanied by senior officials of the New China News Agency, Mr Tian yesterday met representatives of China-funded companies in Hong Kong at the China Resources Building in Wan Chai.

And over the weekend, Mr Tian held private meetings with local business leaders including Mr Li Ka-shing.

#### **Tian Jiyun To Leave Without Seeing Officials**

*HK2007024792 Hong Kong THE STANDARD  
in English 20 Jul 92 p 3*

[Text] Visiting Chinese Vice-Premier Tian Jiyun will leave for Beijing today without meeting any Hong Kong government officials including the Governor Chris Patten.

He is understood to have met tycoon Li Ka-shing and officials of some mainland-funded companies.

Mr Tian left the XINHUA bungalow in Stanley at noon and was escorted to the China Resources Building in Wan Chai under tight security.

Surrounded by bodyguards, Mr Tian evaded reporters when he emerged from the building.

Earlier reports had said Mr Tian would meet Mr Patten and senior Hong Kong officials to discuss Hong Kong affairs.

XINHUA, China's Hong Kong-based unofficial embassy, denied Mr Tian was here in an official capacity, saying he was on a private visit.

Mr Tian arrived in Hong Kong after a visit to Barcelona, where he toured Olympic facilities.

#### **Airport Deadlock Expected 'At Least Until Autumn'**

*HK1907030192 Hong Kong SOUTH CHINA SUNDAY  
MORNING POST in English 19 Jul 92 pp 1, 2*

[By political correspondent Danny Gittings]

[Text] The deadlock over the Chek Lap Kok airport project is likely to continue at least until the autumn, it has emerged this weekend.

It has become clear Beijing will not approve a financial package until it knows for certain what Governor Mr Chris Patten's political reform plans are.

It has also emerged China refused to respond to major British concession which would have removed callable equity from the financial package.

Slippage in the project is now regarded as inevitable, following the failure of Thursday's [16 July] Airport Committee meeting.

And the delay means the first aircraft will not take off from Chek Lap Kok until after the end of British rule in July 1997, although the Government still hopes to complete construction before then.

While contracts already awarded will go ahead, approval of the \$68.5 billion site reclamation deal—for which the engineering deadline is August—will have to be put back until after Mr Patten's maiden policy address in October.

The Governor has pledged to use that speech to reveal his policies on Exco [Executive Council] appointments and direct elections to Legco [Legislative Council]—issues Beijing has made plain it sees as directly linked to its approval of the airport financial package.

China's linkage of political reforms to the airport dispute came when it was raised during the margins of the recent Sino-British talks.

Sir John Coles, British Prime Minister Mr John Major's special envoy on the airport issue, was told of Beijing's opposition to any changes to Exco or Legco.

China also refused to respond to Britain's offer to end all problems over the callable equity issue, in what was taken as a further indication the dispute had taken on political overtones.

Although Beijing publicly accused the British team of refusing to elaborate on its proposal, the SUNDAY MORNING POST has learned the Chinese side was unequivocally told the Hong Kong Government was ready to remove all \$21 billion of callable equity from

the financial package and replace it with other forms of funding which would not pose a liability beyond 1997.

Officials have decided on this rather than the much-discussed idea of setting aside reserves to cover the callable equity in 1997, on top of the \$25 billion pledged in last year's airport accord—an option it has been revealed is no longer on the cards.

"I continue to use \$25 billion as the assumption that has to be set aside because that's what is in the Memorandum of Understanding and I believe both sides are going to abide by the Memorandum of Understanding," Financial Secretary Mr Hamish Macleod said.

The latest developments come a day after Chief Secretary Sir David Ford revealed the Government had rejected Beijing's suggestion it should go ahead with the reclamation contract, without waiting for approval of the whole financial package.

However the Government is known to be concerned about the effect of airport project slippage on business confidence as well as its budgetary strategy.

"It makes it a bit more difficult if there's that uncertainty still in existence as the year goes on," Mr Macleod said.

"Our assumption is still that we will reach agreement, there is uncertainty about the timing of it. There is a lot hanging on the airport project in terms of, for instance, our growth assumptions."

With deadlock over the project to continue until after the Governor's October address, increased costs are seen as a real danger because the tendering deadline for the reclamation contract falls in the same month, and missing that would mean new, and probably higher, tenders.

But the Government is understood to believe slippage over the next few months need not prevent the airport from being built before its self-imposed deadline of June 30, 1997.

However the final commission period—when the completed airport goes through its safety tests and gets its services up and running—is expected to slip back beyond the period of British rule.

This will mean no flights will take off until after the change of sovereignty, despite the Government's much-vaunted ambition of having the first runway operational before then.

The airport rail link is set to be further delayed with the revelation the Government wants the Mass Transit Railway Corp [MTRC] to reduce its \$22.1 billion price tag.

The administration is understood to have told the MTRC in recent weeks to re-examine its plans for a high-speed link with a view to finding savings, in the wake of widespread criticism of the rise in costs from last summer's original estimate of \$12.5 billion.

Sir David said the Government was prepared to put the rail link aside while it first tried to clear other parts of the airport financial package with the Chinese.

Mr Macleod admitted the controversial railway was not as essential as other parts of the Chek Lap Kok scheme.

"Clearly the timing of the airport is even more set in concrete than other aspects," he said.

However he said it was still hoped the line would be completed on time.

"The aim remains to complete them all by 1997," he said.

### Airport Commercial Viability Pledge Repudiated

HK1807060992 Hong Kong SOUTH CHINA  
MORNING POST in English 18 Jul 92 pp 1, 4

[By Fanny Wong, Connie Law, and S.Y. Yue]

[Text] China has reneged on a pledge to allow Hong Kong's future Airport Authority to operate on a commercially viable basis, senior sources claim, by making demands that substantially reduce its cash-raising capability.

In a move said to contradict mainland wishes for maximum private sector participation in the massive infrastructure project, Chinese negotiators are understood to be demanding that the authority be denied the right to determine the level of service charges, and that revenue from real estate developments and land sales go to the public funds.

The call, made at Thursday's inconclusive Joint Liaison Group Airport Committee meeting, is seen to be against the spirit of the Memorandum of Understanding which says the Airport Authority should be modelled as far as possible on the Mass Transit Railway and therefore be allowed to operate on prudent commercial principles.

The memorandum also says the Government will retain power to direct the authority and keep responsibility for key policies up to June 30, 1997.

China's latest negotiating stance was revealed as the Chief Secretary, Sir David Ford, said Hong Kong had refused to proceed with airport projects on a piecemeal basis, as suggested by the mainland team on Thursday.

Addressing a General Chamber of Commerce conference on the airport core programme, Sir David said: "The PRC suggested that we should go ahead with the airport platform contract on its own in advance of a full agreement on the PAA's financial plan.

"But what we need is to be confident that the broad arrangements for the funding of the airport have the support of the Chinese side."

Instead, Hong Kong had proposed that issues concerning the airport itself be cleared up before the two sides tackled altogether the more tricky problems of the airport railway.

Since China's primary concerns over financing, such as the problems of callable equity and deferred dividends, apply mainly to the railway and not the actual airport, Sir David said it was sensible for Britain to ask Beijing to clear the airport first.

"We can go ahead with that while we tackle the airport railway issue. But this should not be interpreted as a softening in our resolve to go ahead with the airport railway," Sir David said.

"Although it is of course feasible to open the airport without the railway, it is still our aim that the railway should be functioning on Day One."

But he refused to disclose how the British side could dispel China's worries over callable equity, saying that was a commercial and diplomatic secret.

Commenting on the Chinese offer, Sir David said a piecemeal approach was not acceptable because the Government did not want to go back to the negotiating table from time to time.

Instead, it wanted to have agreements over the airport core projects, "which are workable and which will last through the lifetime of the projects".

He said it would be irresponsible for the Government to go ahead with the site reclamation project at Chek Lap Kok without obtaining an overall approval from China. However, he was optimistic both sides could reach agreement in the next round of talks.

It is understood that during Thursday's meeting, the Chinese side showed little readiness to resolve the airport financing problem, and its latest demands are seen as further delaying tactics to prolong discussions on the airport plan.

The British team is seeking another meeting before the last Legislative Council Finance Committee session next Friday, but mainland officials are understood to have said that they may not be able to make it.

The Chief Secretary said if no agreement was secured by Friday to put before the Finance Committee there would be a dead period in August, and even if the Government wanted to convene a special Finance Committee meeting for the project, it would only take place some time in September.

Sir David said there was no political agenda to complete the new airport projects within the British administration.

"It is the fastest date that all our consultants said we could achieve the airport core projects," he said.

He said any delay in the projects would lead to cost escalation.

Reiterating the importance of the airport plan to Hong Kong's economy, the Secretary for the Treasury, Mr Yeung Kai-yin, said yesterday that going ahead with the new airport would increase Hong Kong's GDP by at least \$420 billion over the period 1997 to 2010.

Legislative Councillor, Dr Huang Chen-ya, said the landing charges should be decided by the Airport Authority because they involved commercial decisions.

He could not see any great advantage to giving the land premium to the Government instead of the authority.

Dr Huang said the Chinese side might have raised these demands because it had some information on the airport that Legco members did not possess.

Maintaining that these changes would affect the authority's status as a separate commercial entity, he agreed that they would mean a breach of the memorandum.

He urged the Chinese side to have a meeting with the Legco ad hoc group on airport financing, telling members what their worries were.

He also called for legislators be allowed to observe the meetings of the Airport Committee so that they could reach a better understanding of the issue.

#### **Mainland, Taiwan Officials at Conference on Ties**

HK1707093892 Hong Kong SOUTH CHINA  
MORNING POST in English 17 Jul 92 p 14

[By Kent Chen]

[Text] The maintenance of Hong Kong's prosperity and stability is beneficial to Taiwan and mainland-Taiwan relations, according to the head of the Taiwan Affairs Department under the New China News Agency [XINHUA], Mr Wong Man-fong.

Speaking at an academic conference on mainland-Taiwan relations in Hong Kong yesterday, Mr Wong said Taiwan should make use of Hong Kong's special position as a bridge between the two sides.

He said the success of Hong Kong had significant implications for the relationship between the mainland and Taiwan.

"If our Hong Kong policy proves to be successful, the concern of people in Taiwan will be relieved. But if the situation in Hong Kong deteriorates after 1997, the process of re-unification would be hampered," he said.

Several other mainland and Taiwan officials also attended the conference, marred by sharp difference between policy-makers and academics from both sides over such issues as the "One China" policy and the process of national reunification.

The participants included Mr Wong's deputy Mr Le Meizhen; Taiwan's chief representative in Hong Kong,

Mr John Ni; and the director of the Taiwan-funded Free China Review, Ms Susie Chiang.

These officials, together with academics from both sides of the Taiwan Strait, were engaged in heated discussions on how decades of mutual animosity and suspicion could be played down.

Miss Chiang accused the Chinese Communist Party's policy towards Taiwan of being the main factor behind the development of pro-independence sentiment on the island.

"Although the international and internal situation play a part in the growth of the pro-independence movement, the most important factor is the CCP's policy of isolating Taiwan in the world," Miss Chiang said.

Miss Chiang's remarks drew fierce criticism from mainland academics. Director of Research of the All-China Union of Taiwanese, Mr Wu Jiatong said Miss Chiang was ignorant of the historical background when she blamed the communists for the development of the Taiwanese pro-independence movement.

Mr Wu, a native of Taiwan, said that it was the Japanese who first instigated an independence movement on the island after World War II.

Mainland team leader, Mr Jiang Dianming, secretary-general of the Taiwan Studies Institute, said the mainland was concerned with a new trend among officials and academics in Taiwan to opt for "Two Chinas" instead of upholding a "One China" policy.

But several Taiwanese academics called on the mainland to be pragmatic and to acknowledge that the separation of the country was a fact.

**China-Hong Kong Land Cargo Exceeds 10 Million Tons**  
HK1907024292 Beijing ZHONGGUO XINWEN SHE  
in English 0648 GMT 18 Jul 92

[Text] Hong Kong, July 18 (CNS)—Hong Kong's import and export of cargo by land in 1991 amounted for the first time to over 10.995 million tonnes, a rise of 1.935 million tonnes or 21.3 percent over the 9.06 million tonnes in the previous year, according to figures released by the Census and Statistics Department. Exports made up 5.492 million tonnes while imports were 5.503 million tonnes. Based on quarterly calculations, the average volume of goods transported was 2.748 million tonnes for each quarter, a gain of 483,000 tonnes on average for

each quarter over the previous year. Road transportation is playing an increasingly important role in boosting economic and trade links between the Mainland and Hong Kong as well as in developing Hong Kong's foreign trade.

With the rapid growth in highway transportation, heavy duty trucks registered a great rise in the territory over the past two years. As of the end of 1991, the number of container trucks, according to information released by the Transport Department, was 8,945, a rise of 1,504 over the same period in 1990 with a monthly gain of 125 on average while qualified container truck drivers reached 20,000. Container trucks rose to 9,697 in Hong Kong as of last April and were likely to exceed 10,000 in the first half of this year, a phenomenon expected by traders as being not unusual.

Sharp growth in road transportation, according to traders, is the outcome of intensive economic reform in the Mainland and its further implementation of the open market to attract foreign capital. It also indicates that the transport service made a contribution to the adjustment of the business pattern in meeting the needs of the market. Relevant sources point out that there were several reasons for the continuous growth in imports and exports by land. First, the "end to end" mode employed by the transport service is the greatest advantage and characteristic of road transportation. The mode is especially popular with Hong Kong businessmen with plants in the Mainland. Second, more new policies accelerating the pace of openness have come into effect such as the lowering of tariffs for many goods, a move resulting in an increase in the volume of goods imported to the Mainland. Third, the import and export of raw materials and products have increased as a result of sound operation of business invested by businessmen in the coastal provinces. Fourth, with the improvement of measures for clearance at the Shenzhen customs and the extension of service time, some senders of goods who originally intended using the railways for the delivery of their goods switched to road transportation by container trucks bound for the territory after the goods were unloaded in Shenzhen.

There were busy and quiet seasons in road transportation in the past between the Mainland and the territory with the fourth quarter generally being the busiest. A striking rise in highway transportation took place at the beginning of this year and an off-season no longer existed while many cargo service companies were over-burdened finding such service in great demand.

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